

# BUSINESS WEEK

NOV. 20, 1948



Maurice J. Tobin: Labor's advocate in Truman's New Deal (page 6)

BUSINESS  
WEEK  
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# Veal....or capital?

**A** CALF IS BORN. The farmer can enjoy it as roast veal. Or—he can deny himself that enjoyment, raise the calf to a cow, and then sell her milk.

It's a good thing for you and your children that so many farmers denied themselves the veal and saved the calf for cow's milk.

This is exactly what happens in industry. Thousands of people, with a little money each, can spend that money on themselves. Or, they can deny themselves, save

the money, and invest it in machinery.

It's a good thing for you and your children that so many people have denied themselves, and saved enough to pay for today's machinery—without which modern high-wage jobs would never be possible.

No one would deny that the farmer has helped everyone and has a right to the earnings from his cow. No one can deny that the saver has benefited workmen and has a right to the earnings on his savings.

That's all there is to capital and dividends.



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# THE MAN WHO WENT OUT OF HIS HEAD!

by Mr. Friendly



Mr. Jones moaned and groaned and said  
"I really ought to go out of my head . . .  
With costs way up and accidents too  
I feel it's the sensible thing to do!"

Mr. Friendly appeared and said with a shout  
"I've something to say before you go out  
The American Mutual company  
Can make your head the place to be!"

("We give you the opportunity," he continued, "to save  
20 cents on every dollar you spend for industrial  
insurance . . . and our special I.E. Loss Control\*  
service has reduced accidents 80% and increased  
production 300% in some cases.")

Mr. Jones smiled and said, "I see,  
I'd better be getting back to me  
So I can sign a policy  
With your friendly, helpful company."

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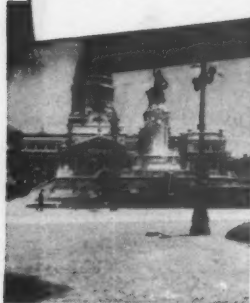


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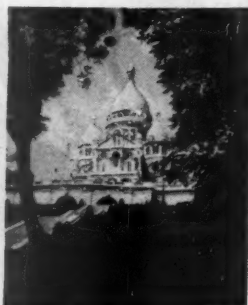
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## THE COVER

The outlook couldn't have been blacker for Maurice J. Tobin last August. In exchange for a good chance of regaining the Governor's chair in Massachusetts, he took what looked like only a five-month job as Secretary of Labor.

• **No Expert**—Tobin is not an expert on labor problems. Nor does he have labor background. But he is probably the most ardent advocate of organized labor since secretary James J. (Puddler Jim) Davis, a union member.

Tobin proved his worthiness to organized labor before and after he went to Washington. As mayor of Boston from 1937 until 1944, and as Governor until the Republican sweep of 1946, the young Irishman had the solid support of the state's labor leaders, both C.I.O. and A.F.L.

• **First Task**—Tobin's chief assignment as Labor Secretary was to campaign for Truman's re-election. His target: the Taft-Hartley law.

In speech after speech, from one end of the country to the other, Tobin campaigned against the law. In between speeches, he handled a few matters at the Labor Dept., such as raising the minimum wage for textile workers on government contracts from 40¢ to 87¢ an hour. There was no compromising after Tobin found that 87¢ was justified by the facts.

Tobin is not above criticizing unions—if they are wrong. As mayor of Boston, he called down the leadership in a threatened transit strike for going back on its word.

• **Business Background**—The Secretary's longest association with management was as an employee of the New England Telephone & Telegraph Co. for 15 years. He was traffic director there when elected mayor in 1937.

Few doubt that Tobin, as Secretary, will carry out the mandate contained in the 1913 law which created the Labor Dept.: "to foster, promote, and develop the welfare of the wage earners of the United States."

# BUSINESS OUTLOOK

BUSINESS WEEK  
NOVEMBER 20, 1948



Prices seem to have about completed their 1948 decline (aside from the stock market, which defies prediction, page 108).

Spot commodity prices this week continued their post-election rally (BW-Nov. 13'48, p110). Farm products that are at or near the support level—grains, cotton—have attracted the most buying in months.

Hogs, down \$10 a cwt. from their highs, have steadied. They will be higher next winter after the peak of the slaughter run. Beef remains high.

Industrial prices, led by the metals, continue to creep upward.

Consumers still have a few breaks ahead, so far as food is concerned. This, in a measure, is a matter of timing. Spot commodities hit bottom three weeks ago; at wholesale, the turn has not yet come. And recent wholesale price cuts aren't yet fully reflected at retail.

Pork should come down some more to reflect Chicago quotations; cheese will be lower when manufacturers' price cuts reach the retail level (p. 36).

Lower milk, selling in the Midwest now, is due shortly in the East.

Metal markets continue high, wide, and handsome. There doesn't seem to be any turn in sight.

There have been upward adjustments in steel during the last few days, notably on hot-rolled sheet.

Zinc also has made headlines. One producer advanced the price 2¢ a lb. Others in the industry hesitated about meeting the rise. Finally they went along, but they weren't any too happy about it.

The new price is 17½¢ a lb. That's enough to frighten producers.

The zinc industry spent years building its dominant position in die casting. It doesn't want price to scare die casters into substitutes.

Competitive note (if and when competition returns): Copper, lead, and zinc are higher than aluminum. And a pound of aluminum is two or three times as much metal as a pound of any of the others.

Business can't go down very much as long as men are extremely hard to hire and metals equally hard to buy.

The economy has taken one jolt after another in stride. Exports have shrunk. Line after line has had to shake down to postwar size. Finally, the national elections went against all predictions.

Yet it now appears that holiday sales will break all records (page 19).

National income will approach \$220-billion vs. \$202-billion in 1947.

Employment is 1½% higher than last year, production up 2% to 3%.

Lines that are regarded as having had their postwar shakedowns include textiles, candy, most types of clothing, jewelry, radios (other than video), glass containers, liquor, furniture, and a few electrical appliances. Shoes and paper are in the throes.

A footnote: Even so, wholesale dollar volume on radios (including television) and electrical appliances are running five times prewar.

Shrinking to "normal" in the present economy isn't too painful.

Straws in the wind may indicate a shift in the manpower situation. Within a couple of days, numerous layoffs were reported. These included:



# BUSINESS OUTLOOK (Continued)

**BUSINESS WEEK**  
**NOVEMBER 20, 1948**

Worthington Pump, at Holyoke, Mass., cut 20%, idling about 200 workers.

U. S. Time Corp. cut at Waterbury, Conn., by 1,000 or a third.

Indian Motorcycle laid off 25% of its 1,000 at Springfield, Mass.

Warner Brothers Pictures has laid off 1,000 in recent weeks.

L. C. Smith & Corona Typewriter at Syracuse, N. Y., has reduced the work week from five days to four.

American Woolen cut its staff of 900 at Utica, N. Y., by about 10%.

Some of these events are described as seasonal. Added up, they don't come to a significant total. But this way a "readjustment" could start.

Corporate profits this year are due to set a new record slightly above \$20-billion. Yet many companies won't be in the charmed circle (page 95); earnings of some already are feeling the pinch of lower volume.

Any decline in business, even a small one, would throw the spotlight on high costs and break-even points.

On the other hand, even a 2% decline in employment would push the number of jobless close to 3-million. That would tone down wage demands.

Rubber manufacturers are in the period of seasonally declining sales.

And there is no pressure to rebuild tire inventories as there was in earlier postwar winters. Stocks now are as high as they were before the war; manufacturers don't want to push them very much higher even though sales, on an annual basis, are about double prewar.

It is no coincidence that natural rubber has dropped 5¢ a lb.

Hopes for an early end to the dock strikes on both East and West coasts should be shared by metal users with shippers and travelers generally.

Supplies of copper and lead now are tighter than ever. A few smelters already have laid off a few men for lack of imported concentrates.

Here, for example, is what lead imports meant before the strike. In September they totaled 28,500 tons; in the nine months ended Sept. 30, they totaled 164,000 against 114,000 in 1947.

Copper has been coming in at 40,000 to 50,000 tons a month.

Only two reasons can be discovered to explain why the copper price hasn't gone up before now: (1) It might make a bad public impression, and (2) it would provide workers with new wage ammunition.

People not only have more money than ever before; but they also have gone deeper in debt than at any time in the past.

Debts of corporations and individuals now total nearly \$190-billion.

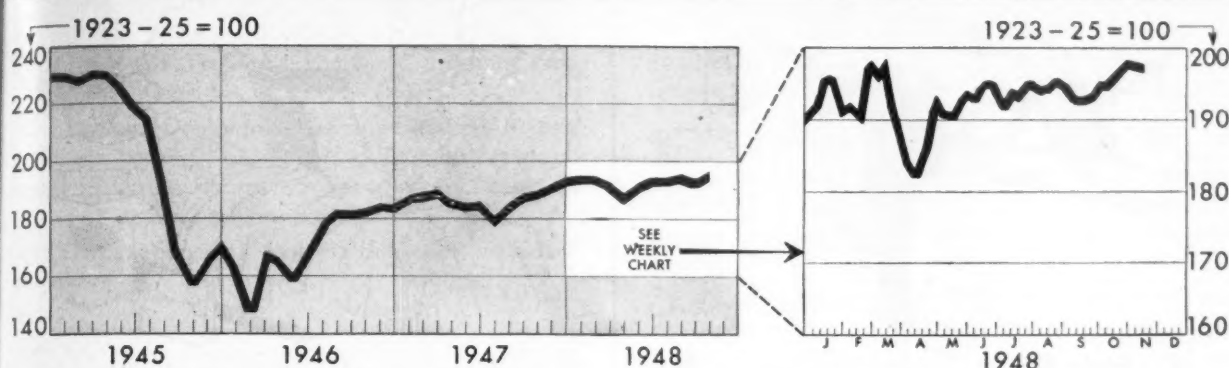
Yet, as the Northern Trust Co. of Chicago points out, present private debt is only 86% of national income. In 1929, the ratio was 185%; in 1938, with national income of only \$67-billion, it also was 185%.

For individuals, the big increases have been in mortgage debt and consumer credit; the former is up a third since 1945, the latter has doubled.

Corporations have added mainly to their short-term debt. Long-term borrowing has risen only to its prewar level.



# FIGURES OF THE WEEK



**Business Week Index** (above) . . . . . \*197.7 †197.9 196.7 189.9 162.2

## PRODUCTION

Steel ingot operations (% of capacity).....	99.0	99.4	99.1	97.0	97.3
Production of automobiles and trucks.....	116,468	†118,229	123,185	110,663	98,236
Engineering const. awards (Eng. News-Rec. 4-week daily av. in thousands)....	\$23,885	\$24,136	\$24,897	\$19,121	\$19,433
Electric power output (million kilowatt-hours).....	5,571	5,564	5,482	5,084	3,130
Crude oil (daily average, 1,000 bbls.).....	5,626	5,627	5,586	5,257	3,842
Bituminous coal (daily average, 1,000 tons).....	1,967	†2,050	1,975	2,135	1,685

## TRADE

Miscellaneous and L.C.L. carloadings (daily average, 1,000 cars).....	90	90	87	89	86
All other carloadings (daily average, 1,000 cars).....	64	66	62	63	52
Money in circulation (millions).....	\$28,337	\$28,254	\$28,284	\$28,709	\$9,613
Department store sales (change from same week of preceding year).....	-8%	+2%	+11%	+10%	+17%
Business failures (Dun & Bradstreet, number).....	96	104	94	84	228

## PRICES (Average for the week)

Cost of Living (U. S. Bureau of Labor Statistics, 1935-39 = 100), Sept...174.5	...	...	174.5	163.8	105.2
Spot commodity index (Moody's, Dec. 31, 1931=100).....	398.8	401.3	405.5	448.2	198.1
Industrial raw materials (U. S. Bureau of Labor Statistics, Aug., 1939=100)...	279.7	277.9	275.6	292.1	138.5
Domestic farm products (U. S. Bureau of Labor Statistics, Aug., 1939=100)...	317.6	320.4	326.2	396.7	146.6
Finished steel composite (Steel, ton).....	\$95.05	\$95.05	\$95.05	\$76.09	\$56.73
Scrap steel composite (Iron Age, ton).....	\$43.00	\$43.00	\$43.16	\$41.25	\$19.48
Copper (electrolytic, Connecticut Valley, lb.).....	23.500¢	23.500¢	23.500¢	21.500¢	12.022¢
Wheat (Kansas City, bu.).....	\$2.27	\$2.24	\$2.21	\$3.00	\$0.99
Sugar (raw, delivered New York, lb.).....	5.68¢	5.68¢	5.63¢	6.32¢	3.38¢
Cotton (middling, ten designated markets, lb.).....	31.56¢	31.23¢	31.28¢	33.42¢	13.94¢
Wool tops (New York, lb.).....	\$1.715	\$1.667	\$1.575	\$1.888	\$1.281
Rubber (ribbed smoked sheets, New York, lb.).....	19.97¢	20.72¢	22.55¢	23.80¢	22.16¢

## FINANCE

90 stocks, price index (Standard & Poor's Corp.).....	120.6	122.6	128.7	120.9	78.0
Medium grade corporate bond yield (30 Baa issues, Moody's).....	3.54%	3.53%	3.49%	3.44%	4.33%
High grade corporate bond yield (30 Aaa issues, Moody's).....	2.84%	2.86%	2.83%	2.77%	2.77%
Call loans renewal rate, N. Y. Stock Exchange (daily average).....	1½-1¼%	1½-1¼%	1½-1¼%	1½-1¼%	1.00%
Prime commercial paper, 4-to-6 months, N. Y. City (prevailing rate).....	1½-1¼%	1½-1¼%	1½-1¼%	1-1¼%	4-½%

## BANKING (Millions of dollars)

Demand deposits adjusted, reporting member banks.....	46,928	46,607	46,593	47,275	††27,777
Total loans and investments, reporting member banks.....	62,378	62,229	62,114	64,937	††32,309
Commercial and agricultural loans, reporting member banks.....	15,583	15,415	15,458	14,152	††6,963
Securities loans, reporting member banks.....	1,390	1,357	1,480	1,851	††1,038
U. S. gov't and gov't guaranteed obligations held, reporting member banks.....	33,319	33,268	33,022	37,834	††15,999
Other securities held, reporting member banks.....	4,196	4,234	4,378	4,223	††4,303
Excess reserves, all member banks.....	950	880	980	766	5,290
Total federal reserve credit outstanding.....	23,929	23,729	23,967	22,689	2,265

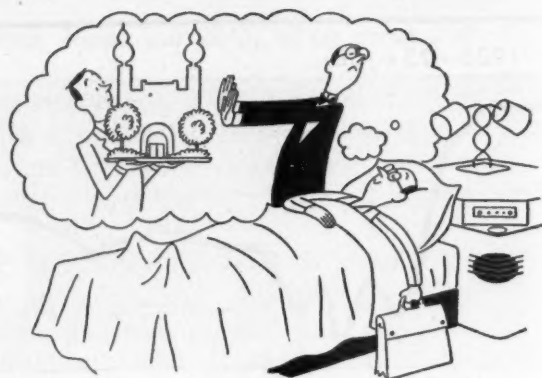
\*Preliminary, week ended November 13th.

†Revised.

‡Date for "Latest Week" on each series on request.  
 ††Estimate (BW—Jul. 12 '47, p16).



1. Cautious Cal, the Counselor, came warily to town, and, lawyer-like, he cautiously went searching up and down—until before one hotel door he cried: "Here ends my quest! I'll register at Statler . . . where you really *are* a guest!"



2. Just before he fell asleep: "I like my room," he said. "Good chair, good lights, good radio, *and* Statler's famous bed with its eight hundred springs and more—there's not a thing I miss. For comfort, even Taj Mahal could not compare with this!"



3. "At close of weary day in court I look ahead with hope to Statler's stacks of snowy towels and generous piles of soap. Hot water floods me up with suds, soaks dust and cares away. It's evidence that they are right who claim *grime doesn't pay!*"



4. At dinner time our hero said: "All I want is a bite." But once he tasted Statler food he almost ate all night. "It's obvious," the lawyer cried, "that Statler's chefs are able to make their meals taste so darn good one hates to leave the table."



5. "My stay at Statler," Cal proclaimed, "was happy inspiration. I liked your friendly service, and your heart-of-town location. And thanks to all, I'm on the ball, I'll really ring the bell. That isn't legal language, but . . . *the Statler sure is swell!*"



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# WASHINGTON OUTLOOK



**A TAX INCREASE** is sure to be a part of Truman's economic program next year.

The new Democratic Administration is itching to take a crack at profits. And Truman's budget-makers already figure that spending in fiscal '50 will be at least \$2-billion in excess of revenue.

Corporations will foot the bill—not individual taxpayers.

It's true: Government spending is going up next budget year—July 1, 1949-June 30, 1950.

ECA disbursements will be a half-billion greater. That's because that much of this year's allowance won't be paid out of the Treasury until fiscal '50; it has taken these first months to build up to the spending rate that will be maintained through next year.

Military disbursements will be at least a billion higher, for similar reasons—there will be this year's draftees to feed and pay all next year, for instance.

Then there are Truman's campaign promises to add in. Budget Director Webb figures these at another half-billion.

Any arms shipments to Europe will cost another billion, or more. Finally, there's China; it's still a big blank in Webb's budget tables.

All this adds a minimum of \$3-billion to the \$42.2-billion in checks that Treasury Secretary Snyder will have issued by June 30, 1949. It could easily become \$45-billion.

What about revenue? Last August Truman and Snyder predicted taxes would fall \$1 1/2-billion short of paying this year's bills.

Now, they concede there will be no deficit this fiscal year. And they will even go so far as to estimate that inflation will produce something over \$43-billion from present taxes in fiscal '50.

That leaves them an excuse for \$2-billion in new taxes next year.

The Truman-Snyder formula for estimating revenues is the weak point, of course, in this argument for new taxes (BW-Aug.21'48,p15).

Snyder has always been several billion low on his revenue estimates. He figures on the basis of the going rate of national income. Others—including many government economists—have come a lot closer by reckoning the effects of continuing inflation.

Today, these experts already see revenues of around \$46-billion for fiscal 1950, more if national income continues upward.

But it's Snyder's estimates that Truman uses in preparing a budget. So he will ask Congress to siphon off the extra \$2-billion from corporate profits.

The question is: Will it be a tax on excess profits or higher corporate surtaxes? Truman's advisers are undecided. There's politics as well as economic policy wrapped up in this.

Congressional leanings are pretty clear: They would vote an increase in corporate rates where they would find an excess-profits tax hard to swallow.

Tax bosses in Congress—Sen. George and Rep. Doughton—are dead set against labeling profits as excessive. But they won't be able to stop the new liberal-labor-farm majority from tacking on a new surtax bracket for the biggest corporations; it would take a 45% to 50% rate on them to bring in \$2-billion revenue.

**A NORTH ATLANTIC COMMUNITY**—the West's defense alliance under U. N.—will be organized by January.

The political pact has been roughed out, a pledge of mutual aid in case of attack. It includes a hedge which recognizes that only Congress can declare war.

The big decision left is what nations to invite in. That's the work cut out for next week's meeting of Acting Secretary of State Lovett with Ambassadors from western European Union nations and Canada.

The U. S. is proposing invitations to Iceland, Eire, Norway, Denmark, Portugal, and Italy.

France, particularly, objects to Italy. The argument is that the peace treaty so limits the Italian military potential as to make Rome a liability.

Final makeup of the North Atlantic Community will determine just how much of a military lend-lease program Truman will ask of Congress.

The Brussels Pact nations—Britain, France, Benelux—are winding up estimates of what they want from the U. S. and Canada. Whatever other nations come in will be adding their own lists.

These will have to be dovetailed with defense blueprints on this side of the Atlantic; that's what



# WASHINGTON OUTLOOK (Continued)

Canadian Supply Minister Howe and Forrestal were talking about this week.

**REPUBLICAN OPPOSITION** in the next Congress will be scattered, every man for himself.

Right now, the Republicans who survived the election aren't even interested in forming a militant, unified "loyal opposition."

In the House, particularly, many members make no secret of their intention of stringing along with Truman on those issues they think the election proved to be vote-catching. They think they have to in order to win re-election in 1950.

In the Senate, you will have a continuation of the New Guard-Old Guard party split that Dewey failed to overcome. It's personified by Taft and Wherry vs. Aiken, Tobey, and Morse.

It's a good bet that Taft may step down as leader just to have the time to build his chances of re-election in '50.

The effect of all this will be to compound the problem of rebuilding the G.O.P.—something like what happened after the 1936 landslide.

For two years after that debacle, Republicans built personal voting records. When Joe Martin took over as minority leader, in 1939, he found his efforts to build a party record hamstrung by the conflicting pasts of his colleagues.

**MARSHALL AND FORRESTAL** apparently are going to stay in Truman's Cabinet for a while.

Truman has taken a second look at the job ahead—the North Atlantic military alliance, military lend-lease, Berlin, China.

Both domestically and internationally, he sees advantages in working out such problems with seasoned hands instead of new men—even though he has a friendly Congress.

If they stay, it won't be any longer than the session of Congress. Marshall is intent upon retiring. And Forrestal won't be around any longer than Truman absolutely needs him.

In picking new faces for his new administration, Truman can be expected to tap organized labor for men for assignments outside their field.

Unions have long smarted under the feeling that their people come into government only as spokesmen for labor, whereas business and profes-

sional men aren't tagged as group spokesmen.

Talk of jobs for labor leaders includes ambassadorships—to nations with labor governments.

**THE ATOM LABOR CODE** being drafted by the presidential commission headed by Will Davis won't include an outright ban on strikes at atomic installations.

Compulsory arbitration also is unlikely. Instead, the commission will sandwich "cooling off" periods into each step in negotiations between atom workers and contractor-operators.

Reason: Davis distinguishes between atom work stoppages causing real delay in operations and the much more likely kind which don't.

The latter sort, Davis thinks, should be handled much like any ordinary labor-management dispute, including maintenance of labor's right to strike. In disputes actually threatening bomb output, Davis would rely on the President's vast, unspecified constitutional powers.

He considers the vagueness of the presidential power to act in a real emergency an asset; neither labor nor management can plan its strategy in anticipation of certain events. A familiar Davisism: "It's the unknown that frightens."

The A.F.L. won't be enthusiastic over the Davis commission proposals.

It would prefer an atom code which: (1) sets up uniform employee benefits that all contractors would be required to abide by; (2) provides for fixing wage rates a la the Bacon-Davis act formula for public works; (3) includes arbitration of grievances and new-contract issues by a tripartite board.

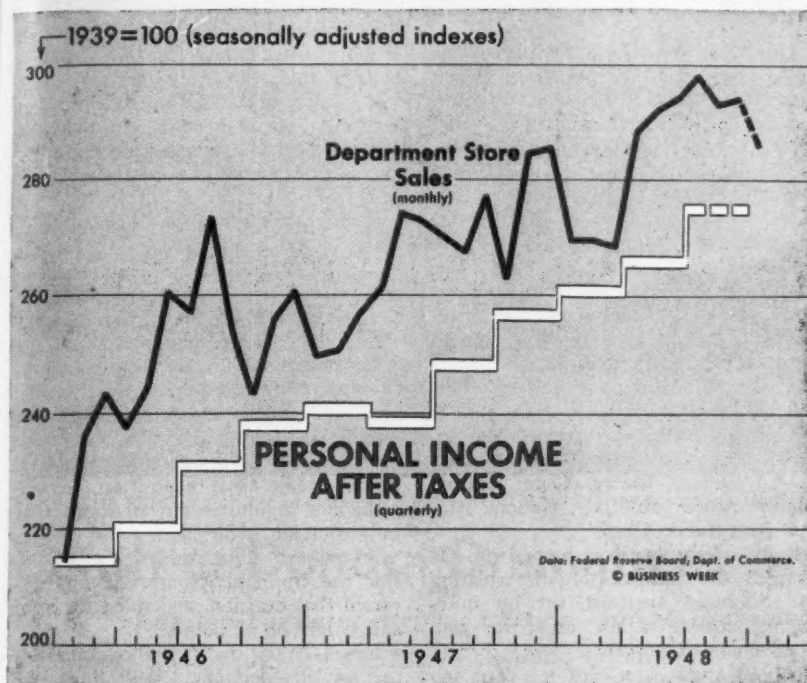
Davis and his colleagues—Aaron Horvitz and Edwin E. Witte—plan no public hearings. They have been to Oak Ridge, plan to visit Hanford and Los Alamos.

They hope to have their report in Truman's hands in time for its consideration by Congress in working out a new labor law next year.

- Labor Secretary Tobin plans to ask Congress to set up a bureau in his department to regulate union welfare funds much as insurance companies and banks are now regulated. . . .

- BLS plans soon to start publishing labor "peace" statistics alongside its strike figures. It's asking unions whether they have negotiated a new contract without a walkout.





THE BIG SEASON for department stores is about to get under way. What happens will be important to all business because through retail sales . . .

## Christmas Indexes the Boom

It's more important this year than usual because the U. S. economy is shifting from a postwar "shortage" boom to a full-employment and high-income boom. So far the picture looks bright.

Retail sales for the next two months are something that all businessmen—not just retailers—are going to keep a careful eye on. That's because this year's Christmas sales may be a tip-off on the fate and character of the whole business boom for the next year or two.

Christmas business, of course, is a good tip-off in any year on retail prospects for the year ahead. Disappointing Christmas sales mean topheavy inventories and hasty cancellations of orders at the start of the new year. Good Christmas sales mean bare shelves for the retailers and a brisk business for suppliers.

• **Transition**—But this year, the tip-off will be even more significant than usual. Retailing—like most of the U. S. economy—is in the midst of a fundamental transition. The postwar boom—the boom that was based on replacement

of inventories and satisfaction of wants that accumulated during the war—is running out. In its place a new kind of boom is developing—a boom that goes with full employment and a national income of \$220-billion or more.

No one knows much about this new kind of boom. In particular, no one knows how long it can last or where its weak points are. The only way to find out is to watch it as it comes along.

• **Bright Picture**—At the moment, the retail picture looks brighter than it has at any time for the past year. If retail sales are no longer carrying the business boom, as they did in 1946, at least the boom is carrying sales. Retail volume has been marching up steadily with the rise in personal incomes (chart, above).

With a halfway decent Christmas,

1948 retail volume will break all records. So far this year, sales of all retail stores have been running about 10% over last year. If they hold this pace for the next two months, they will wind up the year with a total of about \$130-billion, against 1947's \$118-billion.

One big New York store expects to top last Christmas by 20%. Another says that even if Christmas is no better than last year 1948 volume will come out about 5% ahead of 1947—and it expects Christmas to be good.

• **Physical Volume Up**—Equally important is the fact that unit sales (the physical volume of merchandise) seem to be edging up above 1947. Price rises account for no more than 5% or 6% of the rise in dollar volume this year. The rest is an actual gain in the quantity of goods sold.

In Chicago, Marshall Field & Co. has announced that it is banking on the biggest Christmas in its history in volume of goods as well as in dollars. Harold J. Nutting, vice president and general manager of its Chicago area stores, says merchandise on hand or on order tops all previous marks.

To many retailers the rise in physical volume is the most encouraging sign of all. A drop in unit sales—even if it is offset by a rise in the size of the average ticket—is the time-honored warning of trouble.

One executive, who puts a lot of weight on the unit sales record, tells his story this way: "We've always watched unit sales because they have flagged us in advance every time a slump was coming. When we saw them starting to slide early in 1947, we stripped our shelves and got ready for trouble. But there hasn't been any trouble. And since last spring, unit sales have been moving up."

• **Worries**—But Christmas sales haven't yet been rung up on the cash registers. And until they are, any retailer can find plenty to worry about.

Store economists, for instance, got an unpleasant jolt this week when the Federal Reserve Board's index of October department store sales came out. According to trade gossip, October was a pretty good month generally. But the seasonally adjusted index was down sharply from September, and September was under the July peak.

• **Too Much Correction?**—Experts think the Reserve Board may be putting too much seasonal correction into its

October figure. But even so, the drop makes store managers a little uneasy.

There was also something ominous in the report from New York department stores on the week that included Armistice Day (normally a big shopping week). The New York stores were 13% under 1947. Retailers blamed the unseasonably warm weather. But again, they couldn't be sure.

• **Private Slumps**—Even with sales booming, some lines have been sliding into their own private slumps. The buyer's market is back in shoes, liquor, textiles, and cosmetics, for example. One shoe-store operator complains: "We can't get a customer in here at the point of a gun." And a textile converter says: "They said my profits last year were immoral. Well, with this year's profits I ought to qualify for the clergy."

This shakedown to a more-or-less normal supply-demand relationship is gradually spreading from one line to another. Recently it showed up in men's apparel. And there are signs of it now in appliances (page 80).

• **Controls Help Slump**—Sales of major appliances were disappointing in October and early November. Retailers blame the revival of consumer credit control for part of the slump. They think that many sales were rushed through in September just before Regulation W took effect.

But appliance men are not looking for any big pickup in volume before Christmas. Even in ordinary times, November is a better month than December for heavy appliances. Some stores are beginning to shade their prices. Small dealers have been willing to sell below list for some time.

• **Encouraging Signs**—In one sense, however, these readjustments are all to the good. They are part of the broad transition from the immediate postwar shortage boom to the new boom based on full production and employment. It's an encouraging sign that total retail sales have kept on growing in spite of the readjustments. And it's worth noticing that the buyer's market hasn't pushed any lines back to the prewar level. All have stabilized at a volume that is terrific by 1939 standards.

These aren't the only strains that the retail sales boom has absorbed in the past year or so. The total volume of goods offered for sale to the ultimate consumer has been increasing as stores stopped building inventories and exports began to shrink. Yet at the same time, individuals have been putting more money into savings.

• **Savings Rise**—Even with retail sales around the \$130-billion mark, personal savings will hit something like \$13-billion this year, against \$9-billion in 1947. This means that current income is big enough to carry current purchases and still leave a margin for savings.

## Antitrust Setback

Supreme Court throws out parts of consent decree against Ford and C.I.T. Grounds: G.M. is not similarly restricted:

Question: When is a consent decree not a consent decree? Answer: When one of the parties to it fails to carry out his end of the bargain. That's the substance of a decision handed down by the Supreme Court this week in a case brought by Ford Motor Co. and C.I.T. Financial Corp. against the Justice Dept.'s Antitrust Division.

• **Pacts**—A dozen years ago and more, Ford and Universal Credit Corp., a C.I.T. subsidiary, had a working agreement. C.I.T. handled the financing of (1) most of Ford's sales to its dealers, and (2) most sales by Ford dealers to the public.

Chrysler Corp. had a similar agreement with Commercial Credit Co.; so did General Motors Corp. and its wholly owned subsidiary, General Motors Acceptance Corp.

• **Suits**—Then Justice stepped in. It charged the companies with violating the Sherman antitrust act by influencing dealers to use only the affiliated finance companies.

About a year later—just ten years ago this month—Ford and Chrysler and the finance companies with which they had agreements signed consent decrees with the Justice Dept. (BW—Nov. 12'38, p15). In these documents, the motor companies agreed to stop practices which Justice alleged to be coercion or persuasion of dealers to use a favored finance company. They also agreed that they would not acquire stock interest in any finance company.

• **Refusal**—General Motors Corp. and G.M.A.C., however, refused to sign a consent decree. Justice, therefore, pressed its criminal case against them. So Justice, in the Ford and Chrysler decrees, made some agreements:

(1) Unless a civil action was completed by Jan. 1, 1941, requiring G.M. to divest itself entirely of ownership and control of G.M.A.C., the provisions of the decrees relating to stock ownership in finance companies would become inoperative.

(2) The legality or illegality of other acts and practices covered by the decrees was to be finally determined by the outcome of the criminal suit against G.M. As the high court put it in this week's decision: "What was not illegal for General Motors was no longer to be prohibited to Ford. The sword of justice was to strike both alike."

• **Extensions**—The criminal suit against G.M. did end in a general verdict of

guilty (BW—Nov. 25'39, p15). But the civil suit to divorce G.M.A.C. from G.M. wasn't even filed until Oct. 4, 1940, close to the deadline specified in the consent decrees.

Ford agreed to a one-year extension. Year after year, as the G.M.A.C. civil suit still was not brought to trial, Ford agreed to new extensions.

• **Rebellion**—Finally Ford rebelled. When Justice asked for the sixth extension—from Jan. 1, 1946, to Jan. 1, 1947—Ford said no. Instead, it filed a motion of its own asking that the paragraph in the consent decree relating to stock ownership be thrown out. And both Ford and C.I.T. asked that certain other paragraphs be suspended.

These paragraphs provided (1) that Ford "shall not recommend, endorse, or advertise" C.I.T. to any dealer or to the public, and (2) that a C.I.T. agent and a Ford agent shall not call on a dealer together "for the purpose of influencing the dealer to patronize" C.I.T. Ford and C.I.T. based their argument on the language used by the trial judge in his charge to the jury in the G.M. criminal case: that exposition, persuasion, and argument are all legal; that only coercion is illegal.

The lower court held against Ford. But the Supreme Court has now reversed that decision, and ruled for Ford and C.I.T. on all points.

• **Effect**—What will be the actual effect of this decision? Will Ford buy into C.I.T.? Will it set up its own finance company? Will Chrysler reacquire an interest in C.C.C.? Will C.I.T. and C.C.C. begin to handle substantially more of the business of Ford and Chrysler?

Detroit is pretty sure that the answer to all these questions is no; that there will be practically no visible effects for a long time to come. There are several reasons for this belief. Among them: the current seller's market in cars; the fact that present financing arrangements are generally satisfactory to all concerned. Perhaps the most important reason: Although no figures are available, the automotive trade is firmly convinced that the consent decrees caused no substantial decline in the proportion of Ford cars financed by C.I.T. or of Chrysler cars financed by C.C.C.

You may begin to see Ford ads that talk about the favorable financing offered by C.I.T. and Chrysler dealers may once more get joint visits from representatives of Chrysler and C.C.C. But that's about all.

Why, then, did Ford and C.I.T. take all this trouble? That's hard to pin down; neither company is talking. Likely the chief reason is that they just didn't like the idea of being legally bound to refrain from activities that were legally permitted to a competitor.





FOG AND SMOKE, all but obscuring burning streetlight at left, swirl through business section of Donora, Pennsylvania industrial town

## Death in Donora Dramatizes Smoke Problem

**Suspected murderer, sulphur trioxide, can be eliminated from plant smoke only by expensive cleaning equipment.**

The Donora "death smog" could happen in your town—given the right combination of smoke, hilly terrain, and foggy weather.

The fog that settled over industrial Donora, Pa., recently stayed for several days. When it finally lifted, it left 20 people dead and several hundred others seriously ill.

• **Cause?**—Scientists aren't sure yet what caused the tragedy. But they believe that the fog imprisoned smoke-polluted air inside the Donora valley. That allowed smokestacks gradually to build up a lethal concentration.

Apparently an abnormal weather condition, called "inversion," existed over Donora. The air near the ground in the valley didn't rise because it was colder than the air higher up. The higher, warmer air lay on the hills above Donora like a lid on a kettle. So the polluted air stayed in the kettle and grew more polluted.

• **Murderer?**—The suspected murderer which lurked in the fog is sulphur trioxide. It's produced like this: First, sulphur dioxide is formed by industrial processes, or simply from burning coal with a high sulphur content. If the sulphur dioxide combines with oxygen in the air, it becomes deadly sulphur trioxide.

It was this gas that caused the death in 1930 of 63 people in the Meuse

River valley, near industrial Liege in Belgium. In that case it combined with water in the air, then became tiny droplets of sulphuric acid that burned the lungs of its victims.

• **Similarity**—State and federal health officials have decided that the Donora disaster was similar, but not identical to the Belgian one. They promised frequent spot checks to prevent any future buildup of dangerous gases. And they said that no one Donora mill was responsible for the disaster.

But Donora has dramatized the fight against air pollution in the great industrial area around Pittsburgh, which includes Donora. Pressure on both industry and city authorities has increased. Atmospheric conditions in individual towns are being re-examined.

• **Atmosphere**—Scientists believe that local atmospheric conditions are as important as the gases that go into the air—perhaps more important. Los Angeles, for instance, has certain daily wind movements which build up the concentration of dangerous gases and unwanted fly ash in the atmosphere. Yet over the heavily industrial area of northern New Jersey, the wind action dilutes such concentrations.

No coordinated study of the atmospheric variations in U.S. industrial areas has ever been made. So lack of understanding of the wide variations

in local conditions might easily lead city councils to pass ordinances that would unnecessarily restrict local industry.

• **Remedies**—Undesirable gases and fly ash can be taken out of smokestack fumes. But cleaning up smoke is an expensive job. For example: Equipment for collecting the ash alone from Los Angeles industrial stacks (principally oil refineries) would cost about \$12-million. One offset to the expense: the reclaimed byproducts are sometimes valuable.

There are two general types of smoke-cleaning equipment: (1) electrostatic precipitators, (2) filtering machines. A smoke precipitator charges each smoke particle with electricity, then snatches it from the stack gases by a negatively charged plate. One kind of filter: the "baghouse," which filters offending gases through Fiberglas.

• **Progress**—This equipment works. It has done a lot to clean up the cities of Pittsburgh and St. Louis, once famous for smog. (Changes to smokeless fuels have helped, too.) Los Angeles is working hard on the same problem.

In Cleveland, a smoke-abatement drive has already had some effect, is expected to have more as time goes on. The railroads there are changing to diesels. Gas scrubbers in the stacks of the open-hearth furnaces have thinned smoke clouds from the steel plants way down. In Chicago, railroads, utilities, and steel mills have made progress in smoke reduction.



RESEARCH DIRECTOR Charles R. Walker of Yale found that . . .



I.B.M. FOREMEN now have time to show new men how to operate their machines—a job which assistants did in 1940. Through such changes, I. B. M. has shown that . . .

## Eliminating Bureaucracy Boosts Plant Morale

Endicott plant successfully applies small-plant advantages to assembly-line operation by cutting down management pyramid.

When factories get bigger and change to assembly-line production methods, does employee morale inevitably fall apart?

"Yes," answer most industrialists whose plants have undergone these changes.

"Not necessarily," answers the Yale Labor and Management Center in a report out this week. In fact, says the report, if the right changes in organization accompany expansion and the switch in production methods, morale can actually get better. As an example it uses the Endicott (N. Y.) plant of International Business Machines. This plant has doubled in size and switched from the job-lot to the continuous-assembly system. Yet human relations got better instead of worse.

• **Answers—Why?** The center spent almost two years looking for concrete, measurable answers. Its report, "Human Relations in an Expanding Company," tells what researchers Charles R. Walker and F. L. W. Richardson, Jr. found out at Endicott.

Basically, the answer was simple: I.B.M. had successfully transferred many of the favorable human characteristics of the smaller plant and the job-lot system to the bigger plant.

Walker, who directed the study, is director of research in technology and industrial relations for the Center. Richardson, a Harvard-trained anthropologist and private industrial relations consultant, was his principal field worker.

• **Communication**—One of a small plant's greatest advantages is ease of communication among all employees, regardless of whether they are members

of labor or management. As a plant grows and becomes more bureaucratic, a wall usually grows with it, shuts off all but essential contact between groups of personnel. To prevent that from happening, I.B.M. cut down the number of supervisory levels. That alone made communications easier by giving employees more occasions to get in touch with each other. The result: a big boost in morale.

• **Specialization**—A second big factor in low morale when a company expands is that middle- and top-management jobs usually get bigger, workers' jobs smaller and more specialized. The reverse happened in many instances at I.B.M. Some middle-management jobs were cut out altogether. All foremen's and many workers' jobs were greatly enlarged—even to the point where some of the workers do their own inspecting (Walker is thinking about a report on job enlargement as a future project).

These changes took place between 1940 and 1947. During those seven years, the number of workers' complaints to top management fell off sharply. In the Manufacturing Dept., productivity jumped 26%.

What, specifically, did I.B.M. do to improve human relations when it would have been more normal for them to grow worse?

• **Supervisors Cut**—First, it applied its "Management, Manager, and Man" theory. This meant cutting down the number of supervisory groups in the plant from four to two. Now there are only three levels in all—supervisory executives, managers (I.B.M. for foremen), and workers.

At first the job of the division head of manufacturing was merely enlarged. But by 1947 he had virtually the same status as the plant manager. Department heads below him became division heads and were not succeeded. Thus, the number of division heads increased while department heads were reduced to zero—thus doing away with one whole group.

• **Other Devices**—A second I.B.M. device was to give division heads an assistant who was, in effect, his equal. This twinning of the division heads avoided creating a new level of supervisor to take care of the greater number of foremen. A third device was to have some section supervisors report directly to the plant manager rather than through department or division heads.

The result: closer contact between top management and all other supervisors, and consequently better understanding of company policy on all levels.

• **Meetings**—To clinch this contact, the company since 1940 has greatly increased the number of plant-wide group meetings since 1940—and the meetings have changed in character. In 1940, meetings called by the plant head were generally for division heads only; those called by division heads were for department heads only; foremen usually attended only meetings called by their department heads.

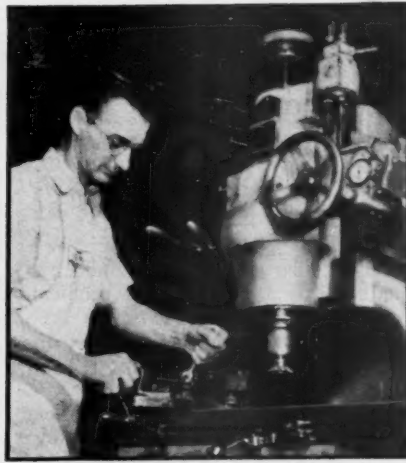
Now foremen meet with the plant head often. A workers' advisory committee meets with plant managers once a month, an innovation since 1940.

• **Misunderstandings Cut**—These basic changes, say Walker and Richardson, have cut the number of misunderstandings and personal problems which upper management once had to deal with on an individual basis. The line between foremen and division heads has become





**PLANT MANAGERS** now get to know their foremen much better than they did in the past, because the level between them no longer exists. This kind of . . .



**JOB ENLARGEMENT** reaches workers, who set up own machines, and . . .



**FOREMEN**, who go to schools to get a better understanding of plant problems. This does away with discontent both among themselves and among the . . .



**WORKERS** whom they supervise. New foremen or division heads meet personally the men who will work under them, thus establishing direct contact throughout plant

less sharp, since both attend the same meetings and both look to top management for promotion.

• **Out of Touch**—An I.B.M. foreman's job in 1940 was the same as most foremen's in other industries today. He had at least one assistant and several key men to help him supervise his section. In fact, he did much of his supervising through these assistants.

"The men didn't have a close feeling with the foremen in those days," says a section foreman, who in 1940 was a worker in Final Assembly. "He was more the big boss, and the men would go to the key men. But the trouble was that the key man or straw boss wouldn't give the answers since they didn't have the authority."

With fewer men to supervise (1940 average, 48; 1947 average, 36), the foreman now has the same kind of job he would have in a small plant.

• **Bigger Jobs**—The result is that foremen have been given bigger jobs in a smaller circle. Now they have both the

time and the authority to do their jobs right. Since 1940, contacts between foremen and workers have increased. And—because foremen have become better able to handle most of their men's problems—fewer workers have found it necessary to contact top management.

Foremen today have the answers to most of their men's problems. They have the last word in hiring, training, supervising, promoting, and discharging. • **The Human Approach**—Thomas J. Watson, president of I.B.M., defines his foreman's job this way: "Every manager of any department or section of our business, whether it be in the factory, office, or field, should remember that his first duty is to help the men under his direction. I believe in getting behind the individual and backing him up, making him feel that there is someone trying to be an assistant to him, and bring out the best there is in him."

Thus, in choosing men for promotion to foreman, I.B.M. looks not only for

technical proficiency, but for ability as a human relations manager.

• **Work Flow and Morale**—The work flow at Endicott was not very smooth in 1940. Under the job-lot system then in operation, production hold-ups were frequent. Parts often failed to reach the right man at the right place and time. Priorities had to be switched and re-switched to keep production up. Morale suffered under these disruptions.

• **Smoother Relations**—The new buildings were put up in 1942, the progressive assembly system was introduced. The new arrangement of machining and assembly operations produced a work flow that was smooth and orderly.

The smoother work flow resulted in smoother human relations.

• **Reversing a Trend**—During the seven years covered by the Yale study, I.B.M. reversed a trend that is all too normal in expanding companies—the trend toward bureaucracy, centralization of responsibility; longer lines of communication, job specialization, and lowered morale.

## More Rayon Pulp

International Paper's new dissolving pulp process will increase the supply: It uses plentiful hardwoods.

Rayon, like many another industrial product, has a raw material problem. Postwar production capacity has been increasing faster than the supply of dissolving woodpulp, which is also the raw material for cellophane.

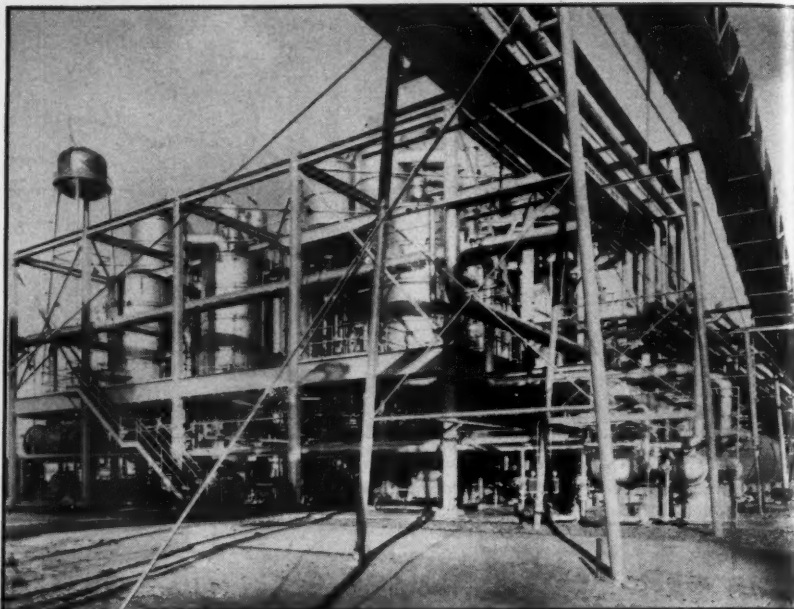
• **More Pulp**—Now, International Paper Co. has cheered the booming industry by unveiling a new process. Using hardwoods instead of conventional softwoods, it will mean a lift in dissolving-woodpulp supply. International puts it this way: When its new plant gets going in 1950, it will lift pulp supply 16% over today's figures.

International plans to put the plant somewhere—it hasn't decided where as yet—in the South. It is completely engineered, most of the machinery has been ordered. When it gets going, it will produce 300 tons of the raw material a day, or about 100,000 tons a year.

• **Sulphate Process**—Details of the process are skimpy: All International says is that it involves, for the first time, the sulphate (alkaline) processing used to produce kraft paper. (Dissolving pulps are ordinarily made by sulphite [acid] reduction of the wood.) The new process combines novel methods of purification and bleaching to produce a raw material particularly suitable for high-tenacity rayon yarns. Although word has just come out about the process, International has produced enough dissolving woodpulp already so that rayon yarn makers have had a crack at using it in their plants.

International thinks the process will open up more efficient ways of using timberlands. Its own lands contain plenty of hardwoods along with the softwoods. Thus, the new process will give International additional dividends on its forest investments. And it will also provide a market for hardwood stands owned by other tree farmers. International isn't worried about hardwood supply.

• **Southern Kraft**—The new plant will be run by Southern Kraft Division, which now operates eight mills in the South. That division developed the process with the technical help of Industrial Cellulose Research, Ltd., wholly owned research affiliate of Canadian International Paper Co. Southern Kraft has worked for years on (1) large-scale production of kraft pulp and high-grade bleached kraft pulp; and (2) utilizing hardwood as a raw material for the kraft process.



Tanks and towers, roofless under mild Texas skies, are features of . . .



. . . \$14½-million chlorine-caustic soda works of . . .

## New Diamond Alkali Plant Near Houston

Shortly after the war, Diamond Alkali Co., one of the big basic-chemical producers, began to look around for new sites for its caustic soda-chlorine operations. When all the reports were in, the booming industrial area around Houston seemed to present one of the best possibilities: It was near markets, raw materials, natural gas, and transportation facilities.

This week the resultant blueprints were near final realization. The company's new, \$14½-million plant, near the

Houston ship channel, was nearing its daily capacity of 460 tons of liquid chlorine and caustic soda. And the company already has plans to turn out perchlorethylene, a solvent in big demand by the dry-cleaning field. The plant's nearness to markets is emphasized by the fact that one customer, Shell Chemical Corp., takes its share of the chlorine output via a direct pipeline 10,300 ft. long. The Houston facility is the fourth soda-chlorine plant operated by Diamond.



## World Petroleum Availability

	Probable Low	U. S. Range High	Average (In Thousands of bbl. Daily)	Western Hemi- sphere	Foreign* Eastern Hemi- sphere	Total Foreign
1947 (actual prod.)...	.....	.....	5,447	1,592	1,061	2,653
1948 (partly est.)....	.....	.....	5,900	1,750	1,500	3,250
1949 .....	6,120	6,300	6,210	1,900	1,680	3,580
1950 .....	6,310	6,630	6,470	2,060	1,840	3,900
1951 .....	6,460	6,920	6,690	2,250	2,080	4,330
1952 .....	6,560	7,140	6,850	2,450	2,260	4,710
1953 .....	6,600	7,320	6,960	2,490	2,520	5,010

\* Foreign figures do not include Russia; also they do not cover a relatively small amount of allied liquid hydrocarbons and synthetic production.

## Plenty of Oil Ahead

Five years of peak production at least, experts forecast. After that, it's harder to predict. But for the long run, foreign oil, synthetics, and natural gas will help keep the world pool full.

The way the oil industry is piling up new records in crude-oil production is getting almost monotonous.

• **Up and Up**—Last week it hit a new high: Crude output averaged 5,626,700 bbl. daily for the week. That bettered by 22,600 bbl. daily the record set only the week before.

Observers in and out of the industry have been wondering just how long this mad pace can last. To find out American Petroleum Institute months ago appointed a special committee of experts to study the "long-term availability of petroleum." Its chairman: L. F. McCollum, president, Continental Oil Co.

• **Findings**—The committee handed in its report last week at the 28th annual meeting of A.P.I. in Chicago. It had kept its quizz-sights set only on the question of availability during the next 10 years; it didn't go into anticipated demand. Neither had it tried to gage the adequacy of the supplies. Its findings:

(1) During the five years 1949-53, output of liquid hydrocarbons (crude-oil and natural-gas liquids) will be climbing (table, above); in the U.S., availability will reach somewhere between 6.6-million bbl. daily and 7.3-million bbl. daily by 1953. In the same period, foreign crude-oil output (Russia excluded) is expected to climb to 5-million bbl. daily.

(2) From 1953 to 1958, no significant decline from the 1953 level is looked for in the U.S., though there isn't enough information for detailed calculations.

(3) For the longer pull, foreign oil supplies and synthetic oils will reinforce the domestic pool. Major foreign pro-

ducing areas (the Middle East, Venezuela, for example) don't use much oil; so they'll always have some to export. Conversion of natural gas, coal, and oil shale to synthetic-oil products has been proved technically feasible. The main causes holding synthetics back are the money, time, and materials required—plus the fact that the need for such production isn't urgent.

(4) Proved reserves of natural gas in this country are large in relation to consumption. Thus, natural gas can be expected to take some of the load off oil.

• **Qualified**—These estimates all hang on a few ifs:

If economic conditions are favorable;

If government doesn't restrict industry's normal activities;

If companies can get the necessary materials;

If production rates are kept to maximum efficiency;

If there's no war to sidetrack operations.

• **Home Supply**—Domestic crude-oil production is averaging about 5.5-million bbl. daily this year; by 1953, it will be somewhere between 6.1-million bbl. and 6.8-million bbl. daily, the committee predicted. Output of natural gas liquids now is about 400,000 bbl. daily; estimated availability in 1953 will be between 520,000 bbl. and 550,000 bbl. daily.

Little is expected from the synthetic-oil industry in the next five years. No synthetic liquid fuels are being turned out now, although one plant using natural gas as its "raw material" is under construction. By 1953, availability from synthetic production is expected to reach only 30,000 bbl. daily, all from natural gas. During the following five

years, synthetic oil output from gas "will increase at an accelerated rate if needed"; and there may be a small output from plants utilizing oil shale and coal.

The committee noted that the oil industry has already spent more than \$100-million in developing synthetic processes; right now, it's spending at a rate of more than \$10-million a year.

• **Foreign Supply**—When it came to foreign-oil production, the McCollum committee carefully sidestepped any predictions on ultimate markets. "World distribution of these supplies," it observed, "involves questions of estimated oil demands and political considerations beyond the scope of this study."

All it said was that increased Eastern Hemisphere production will make that area no longer dependent upon Western Hemisphere sources. So, "to the extent that this may occur, it will obviously increase the availability of Western Hemisphere oil for use in the U.S. and other Western Hemisphere nations."

## Assembled Car Bids For Low-Priced Market

A new entry, the Mustang, is grooming for a try at the elusive low-priced-car field.

It's a tear-drop, standard-sized product with a rear-engine drive. An assembly job, it uses standard parts and components. There's only one model: a two-door, five- or six-passenger sedan. Weight is 2,200 lb. The manufacturer: Mustang Engineering Corp., Seattle, of which designer Roy C. McCarty is president and part owner. Price: \$1,235, f.o.b. Renton, Wash.

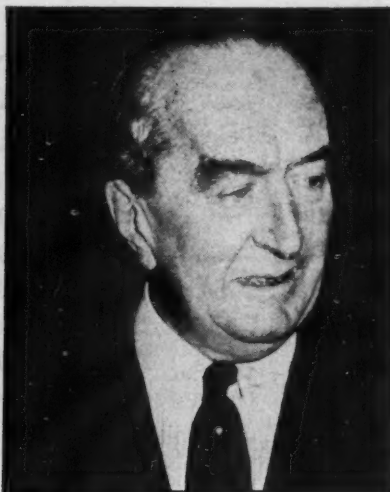
• **Assembly Job**—All parts are fabricated outside the plant. The car has a Hercules 4-cylinder, 59-hp. motor, a Warner transmission, Budd wheels.

The tubular-steel frame is welded at the assembly plant. The body, of aluminum alloy, will be made at Seattle plants with stretch presses. Radiator, engine, transmission, and rear axle are built into a single unit.

The car will get around 30 mi. to a gal., the company says.

• **Modest**—McCarty is going into the business in a modest way. He is a one-time service manager of Lincoln Motors, Dearborn, Mich. He hopes to be turning out eight or ten cars a day by January. The company will sell direct, at present, only in the Pacific Northwest.

Financing is something of a problem. The company is owned outright by McCarty and four Seattle associates. At the outset, the plan is to require buyers to put up maybe one-third of the purchase price. Later, the company may issue stock.



LEADERS ON FOOD FRONT: Director-General Norris Dodd (left), and Australia's Viscount Bruce of Melbourne, council chairman, permanent member of FAO staff, ask . . .

## Can FAO Feed the World?

International food organization reports some progress in raising food supply, bettering distribution. Production goals are set to balance resources against growing, and hungry, population.

Despite a good harvest in Europe, bumper crops in the U. S., and rising agricultural production everywhere, the most pressing problem still facing the world is: How can we produce more food?

That's the background against which the 57-country food and agricultural organization of the United Nations is holding its fourth annual conference this week and next in Washington.

• **An Old Problem**—The problem is hardly a new one. But since the war, it has taken on sharper lines.

On the one hand, world agricultural output is still 5% below the prewar level—when half the world's people were nearly starving.

On the other, world population is up 200-million (9.4%). And the number of mouths to feed is increasing by 55,000 every day.

The situation is further complicated by the fact that whatever surpluses there are cannot always be channeled to areas of greatest need.

• **FAO's Job**—Clearly, no nation or group of nations can solve the problem alone.

That's where FAO comes in. The main work of the present conference—programming—will be done by three commissions: one on the world food situation, another on technical activities, a third on administration and finance.

When FAO was established in 1945, its aims were: (1) to raise levels of nutrition and consumption throughout

the world; (2) to improve the production and distribution of food and agricultural products; and (3) to better the condition of rural populations.

• **Progress**—This week, Director-General Norris E. Dodd, former U. S. Undersecretary of Agriculture reported noticeable progress—in fields where progress could be measured.

**In Production:** FAO operating agencies, working with member governments, have introduced new high-yielding crops or crop varieties. They have demonstrated new livestock-breeding techniques, mapped programs for controlling plant and animal diseases, taught soil chemistry, and set up extension services.

• **Result:** In the 1947-1948 crop year, FAO and individual national efforts have helped boost world-wide food output 1%, fiber supply 17%, and forest products 6%. All this despite bad weather and consequent crop failures in Europe and North America.

**In Distribution:** FAO supplied its affiliate, the International Emergency Food Committee, with the data on which world allocations of wheat, sugar, cocoa, fats and oils have been based. It has also arranged for a lowering of barriers to the flow of food from surplus to deficit areas.

• **Result:** Thanks in part to FAO's efforts, the volume of world grain exports during the crop year reached a record of 35-million metric tons.

• **No Report**—Nowhere among the surveys and analyses presented to the dele-

gates was there a progress report on what many consider FAO's most important job: its program for the survival of the human race.

So far, FAO has contented itself with recommendations for step-wise local improvement.

But even moderate programs must steer a careful course through the maze of argument that centers about the precarious balance between food supply and population.

• **Two Schools**—One school of thought is made up of latter-day disciples of Thomas Malthus. That English clergyman and economist predicted more than a century ago that the world's population would inevitably outstrip its food resources.

William Vogt, author of the best-selling "Road to Survival" (BW—Oct. 7'48,p82), is a leading spokesman for this point of view. Vogt's thesis: The amount of arable land is limited and is decreasing. To survive, man must husband the soil, keep the birth rate down.

Opposed to this viewpoint are the soil scientists and farm researchers. They claim that soil fertility can be restored by modern farm practices, that production can be doubled in even the most backward areas.

• **Long-Range Task**—The very existence of FAO, of course, implies acceptance of this second point of view. FAO's long-range job is to bridge the gap between Vogt's world of approaching soil exhaustion—the one that exists today—and the kind of world that science is convinced we can have.

• **Target**—FAO is aiming its production, distribution, and nutrition programs at this target: a high-protein, high-calorie diet for a world population of about 2.6-billion by 1960.

To achieve this goal, world production would have to be increased over 1934-38 for each type of food by the following percentages:

Cereals . . . . .	21
Roots and tubers . . . . .	27
Sugar . . . . .	12
Fats and oils . . . . .	34
Pulses . . . . .	80
Fruits and vegetables . . . . .	163
Meat . . . . .	46
Milk . . . . .	100

• **Goal to Go**—FAO officials are moderately pleased with the gains to date. The 1946-47 increase was disappointing because the European harvest was poor. Record-breaking crop yields in North America this past year—and no failures anywhere—have made good the loss.

But to keep on target, FAO must maintain—or better—this year's crop yield, stay with its program of allocating scarce foods, and work for world-wide multilateral commodity agreements to assure reasonable prices and stable markets. For 1949, FAO has a \$5-million budget to help it toward its goal.



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**Sinclair adds to  
Tanker Fleet**

**Sinclair reports  
New Montana  
Field**

**Sinclair Builds  
New Product  
Pipe Lines**

**First Sinclair  
Drilling Rig  
To Ethiopia**

**Sinclair constructs  
New Research  
Laboratory**

**Sinclair expands  
Refinery  
Operations**

**Experimental Farm  
Enlarged By  
Sinclair**

## *Progress Pattern*

**T**ODAY Sinclair is planning for the future—tapping the earth's surface for new sources of oil, drilling wells, laying pipe lines, investing in research, developing new products.

What's it all add up to? In people it means a growing Sinclair family of 20,000 employees, 100,000 stockholders. In dollars it means an annual payroll and employee benefits of \$82,000,000, and annual output valued at about \$400,000,000. In land it means 210,000 acres of proved oil reserves, and 5,200,000 acres of undeveloped area.

In production it means 7,000 producing oil wells and 300 producing gas wells, and a production of around 100,000 barrels of crude oil a day. In transportation it means tank cars, tankers, and the longest company-owned pipe line in the world.

This Sinclair pattern of progress is making a major contribution to the prosperity and well being of millions of people—in the home and on the farm, in factories and on the highways, on the sea and in the air. That's why Sinclair is a "Great Name in Oil."

**SINCLAIR OIL  
CORPORATION**

630 Fifth Avenue • New York 20, N. Y.

**NACO \*  
Brushes**

**made with  
KEYSTONE WIRE**

When you insist on the best in materials and workmanship, you'll make a hit with customers every time. Take the wire that holds the bristles so securely on NACO Brushes, for example.

Keystone BRUSH WIRE is specified by the manufacturer because its attractive silver-brite galvanized finish does not chip or peel when tightly twisted. Also, this quality wire has the proper ductility for accurate forming.

Yes, it's this critical choice of materials . . . plus expert craftsmanship that assures the National Brush Company of an established place in their market.

The Keystone organization takes pride in the fact that Keystone Wire is a recognized factor in the sound construction of NACO Brushes.

*\*The National Brush Company  
Aurora, Illinois*



**SPECIAL ANALYSIS WIRE**  
for all industrial purposes

**KEYSTONE STEEL & WIRE CO., Peoria 7, Ill.**

## BUSINESS BRIEFS

GENERAL ELECTRIC and two subsidiaries will pay \$56,000 in fines on charge of conspiring with Krupp interests to monopolize cemented carbide cutting steels (BW—Oct. 16 '48, p28). Was first criminal patent-pool antitrust case.

PULLMAN, INC., may have found a way to spend some of the cash lying around from the sale of its sleeping-car business: It will put in a bid to buy North American Rayon and American Bemberg from the government (BW—Nov. 13 '48, p28).

BUSINESS INVENTORIES spurted \$800-million during September to a new high of \$53.3-billion. Latest figures also show that retail inventories had a more than seasonal gain, accounted for \$600-million of the over-all increase.

REYNOLDS METALS will move its plant No. 7 from Louisville to Lister Hill, Ala.; Triplex Corp. will move its aluminum piston plant from Chicago to the Pueblo (Colo.) Air Base. Both companies found they needed more elbow room.

TWO CAN COMPANIES are locating in Milwaukee: Continental Can's new plant ready in 1949, will cost \$5-million; American Can's will employ 500 people.

G.E.'s NEW PLANT in Circleville, Ohio, will begin turning out Slimline fluorescent lamps next January.

PURCHASE OF MIDVALE COAL means that Pittsburgh Plate Glass has enough coal to last 30 years. About 80% of Midvale's 2,800-ton daily output will go to the new owner, the rest will continue to supply the coal company's old customers.

A SUPREME COURT MANDATE has moved FTC to change its cease-and-desist order against Morton Salt (BW—Jan. 10 '48, p46). Company can now give discounts only when they are justified by differences in cost.

YOU'LL PAY LESS for Freon 11, used in refrigerating equipment and Aerosol bombs. Du Pont subsidiary Kinetic Chemicals has trimmed prices 2% to 5%.

PRESSED FOR OFFICE SPACE, the State of Maryland has taken a \$5-million option on Baltimore's 34-story O'Sullivan Building. Purchase might mean a bond issue.

## Foundries Slow

Production trend is down. Plants are looking for work. Gray iron foundries feel the competition of stamping industry.

It looked this week as though the iron foundry business had hit a bump in the road.

For the past nine months, the castings market has showed signs of softening, in spots. In the last four weeks, those spots have widened out: The dip in the trade now approaches the dimensions of a trend with perhaps 80% of the industry feeling it. Some companies are said to be cutting to as much as 50% of capacity.

• **On the Prowl**—The payoff is that a lot of the boys are beating the bushes for business. It's not only the job foundries that are looking for work; even some of the "captive" foundries—those that are owned by a company that uses their castings—are out job hunting.

The story shows up in the figures. Production of gray iron castings in 1947 was 12.5-million tons. Estimates for 1948 put output at 10-million tons.

• **Backlog Down**—Backlog has fallen way off, too. Until recently, postwar backlog of gray iron castings has stood at about six to eight months of capacity. Now it's down to one or two months. That's about where it was before the



## Heads Chemical Institute

Francis J. Curtis was elected president of the American Institute of Chemical Engineers last week. A Harvard graduate, Curtis is vice-president of Monsanto Chemical Co., has played an important role in that company's long-range development program.

# CLARK

Volume—**BIGGER**  
Efficiency—**GREATER**  
Cost—**LOWER**

More and more businesses in more and more places are learning that the field of Materials Handling provides the best and the richest opportunities for cost reductions—for **SAVINGS**.

"Use of the 'fork-truck-and-pallet' system has been greatly broadened and rapidly adopted by progressive warehouse operators. At North Pier Terminal we have used it for more than 5 years, in conjunction with the tractor-and-trailer system. We now operate 25 Clark machines and consider them a vital factor in handling an increasing volume of materials with increased efficiency and at greatly reduced costs."

North Pier Terminal Company  
Chicago, Illinois

For all of the facts about Modern Materials Handling Methods and Machines and what they can do for you, we invite you to: **CONSULT CLARK.**

**CLARK** ELECTRIC AND GAS POWERED  
**FORK TRUCKS**  
AND INDUSTRIAL TOWING TRACTORS



INDUSTRIAL TRUCK DIV., **CLARK EQUIPMENT COMPANY** BATTLE CREEK 42, MICH.  
REPRESENTATIVES IN PRINCIPAL CITIES THROUGHOUT THE WORLD  
AUTHORIZED CLARK INDUSTRIAL TRUCK PARTS AND SERVICE STATIONS IN STRATEGIC LOCATIONS





## *The moods your wife can't always understand...*

**T**HERE ARE MOODS a man has he can't explain to his wife.

He can't tell her how close you get to people who work with you...how responsible you feel toward them...how proud you are to realize that so many families are counting on your ability and good will.



Nor can he tell her quite what it's like to walk up to a door where a

wreath hangs in memory of a man who's worked beside you...and have more than your hat in your hand.

No...you don't feel happy about it...but you do feel you've been more than just a boss when you hand the widow a substantial check.

A check that's not a gift (for no one likes charity), but a check for Employee Life Insurance—a benefit created by your thoughtfulness.

A man can go home to his wife after that, feeling right—in a way he could never explain. She'd understand the human kindness of it...but maybe not the sense of fitness, the feeling that he's been the right kind of boss.

For men with such problems, Employee Life Insurance was created. It gives benefits similar to Group Life.

It doesn't cost much—as little as \$8 per employee per year—and it pays for itself many times over in employee loyalty and in easing the hard duties of an employer.

The Travelers has been a pioneer in Employee Life Insurance and has



more policies in force than any other company. We suggest you talk to a Travelers agent or broker about Employee Life or (if you employ more than 25 people) Group Life Insurance.

**On ALL forms of  
employee insurance  
you will be well served  
by THE TRAVELERS**

The Travelers Insurance Company, The Travelers Indemnity Company, The Travelers Fire Insurance Company, The Charter Oak Fire Insurance Company, Hartford, Connecticut. Serving the insurance public in the United States since 1864 and in Canada since 1865.

war, when production averaged eight to 10-million tons of castings a year.

That means keen competition on prices. The trouble is, the foundries can't do much about shaving prices. Cost of materials—pig iron, coke, and scrap is too high.

Supply of materials seems spotty. In the past few weeks, an easing in the coal market has made more quality coke available. Scrap is in better supply; pig iron appears to be adequate.

• **Reasons**—When you ask what the trouble is, the answer seems to be the good old-fashioned one: Supply is catching up with demand. In the Midwest, the hardest hit gray-iron foundries are those serving the heavy-truck and bus industry. Those are branches of industry where production has quieted down.

Over the long stretch, another thing that has cramped the gray-iron casting business is the stamping industry. The stampers for some years have been edging into the production of bath tubs, wash basins, water heaters, and other plumbing fixtures. These used to be the sole bailiwick of the gray-iron foundries. These same foundries have also lost a big slice of the stove-parts trade. Before the war, between 30% and 50% of a stove was made of stamped parts; today stampings account for 80%.

• **Exceptions**—Ore segment of the gray-iron foundries that is still sitting pretty

is that serving the automotive industry. Most car makers have their own captive foundries. But those who rely on the job foundries for castings are keeping their suppliers as busy as they have been for the past three years.

Another spot where the suffering is less acute is the specialty foundry—the one that can use alloys, and makes no pretense at mass-production.

• **Malleable Foundries**—Among malleable foundries—those that make castings heat-treated for extra strength—the story is much the same. In this branch of the trade, the backlog is about half what it was a year ago; it's off now to about three months at the present rate of capacity.

Here again, the drop in heavy truck and bus demand accounts for a good deal of the slowdown. There's some slackening on the part of farm-implementation makers, too.

But here again too, the main trouble seems to be an easing of demand. Inventories are filling up, and, since deliveries are coming through faster, customers aren't placing their orders so far in advance. So the industry is cautiously tightening its belt.

• **Prospects**—Malleable foundries see a potential ray of cheer: the rearmament program. Rearmament calls for a lot of heavy equipment. That's their meat, specifically.

## ULTRASONIC "EYES" TO INDUSTRY

*... often the difference  
between profit and loss*



## SPERRY REFLECTOSCOPE

Generates inaudible sound waves that instantly, accurately locate internal defects in metals—flaws that may cost you time and money in machining apparently good material. Gives you better quality control through non-destructive ultrasonic testing. The Sperry Reflectoscope...

- Finds smaller flaws than any other method.
- Penetrates deeper — works through metals up to 25 feet thick.
- Works instantly. Eliminates delays while waiting for results.
- Never endangers operator.
- Does the job cleanly.

## SPERRY REFLECTOGAGE

Operates on the principle of resonant frequencies. Instantly measures thickness of tubes or flat parts directly from .025 to .300 in. thicknesses; indirectly from 2 to 4 in. Access from only one side is required. Maximum error less than 2% of the thickness of the part.

Fill out coupon for Bulletin 3001 that fully describes the Sperry Reflectoscope. Mail it today.

SP-134

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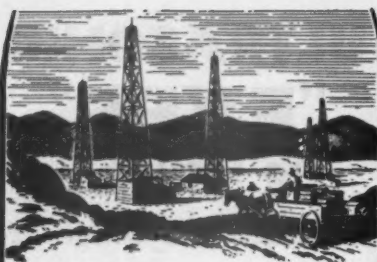


## Detergent Spray for San Francisco Streets

On the theory that nothing beats dirt like a creamy lather, San Francisco's street cleaners last week added a charge of detergent to their spraying truck. The results were at least photogenic. Oronite Chemical Co., subsidiary of Standard Oil Co. of California, supplied enough of its D-40 detergent to make the test (5 lb. in 1,500 gal.).

The idea was to bite into the oil slick that makes San Francisco's hilly streets hazardous in wet weather. A vigorous hand-brooming sandwiched between two passes of the "cream wagon," plus a final rinse, left the tested block of California St. sparkling. Final say on whether the process is adopted as an everyday measure will depend on cost.





## FROM THE TIME OF THE WESTERN "OIL RUSH..."

**PACIFIC-WESTERN  
GEARED PRODUCTS**  
have served the  
OIL INDUSTRY

Even in 1898, when the San Joaquin oil discoveries started a western oil rush, "PACIFIC-WESTERN" was already supplying gear products to the youthful industry.

Nearly a fourth of all the nation's oil is now produced in the west. In the processes of this great industry—drilling, pumping, refining, and transporting—PACIFIC-WESTERN reducers, bandwheel drives, special transmissions, high-speed units, and other geared drives are prominently known.

## In the west, it's PACIFIC-WESTERN geared products

In the pulp and paper, mining, chemical, lumber, fishing, food and all the other industries, "PACIFIC-WESTERN" is again the primary supplier of gears and geared products designed and built for the specific needs of each industry.

We are both proud and careful of our more-than-50-year record as gearmakers to western industry.

When you need geared equipment for your western plant, be sure to make use of our specialized engineering experience and our three large plants with the finest gear-making facilities in the west.

Write, wire or phone  
for assistance on your current  
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Western Gear Works, Seattle 4, Wash.  
Western Gear Works, Box 192, Lynwood, Calif.  
Pacific Gear & Tool Works, San Francisco 3, Calif.  
Sales Representatives:  
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**PACIFIC WESTERN**  
GEAR PRODUCTS

## No Income Gain

Personal income held steady in September for first time in six months. But 10-year climb doesn't seem to have ended.

Last September, for the first time in six months, personal income failed to make new gains.

During the month of August, payments were made to individuals at an annual rate of \$214.6-billion. Commerce Dept. figures for September, out last week, showed no change in this total. But this doesn't necessarily mean that the 10-year climb has been halted, or that a turning point has been reached in the upward swing.

• **Changes**—Significant changes in income payments are shown in this table (in billions of dollars at annual rates):

	Sept. 1948	Aug. 1948	1947 Avg.
Wage and salary receipts.	134.5	134.3	120.1
Other labor income.....	2.1	2.1	1.8
Proprietors' and rental income .....	49.8	50.0	46.0
Personal interest income and dividend.....	17.6	17.3	15.6
Transfer payments.....	10.6	10.9	11.7
Total .....	214.6	214.6	195.2

	Sept. 1948	Aug. 1948	1947 Avg.
Agricultural income.....	22.4	23.0	20.1
Nonagricultural income..	192.2	191.6	174.9
Total .....	214.6	214.6	195.2

• **Balance**—Note that wage and salary receipts rose slightly in September; so did dividends and interest payments. But note also that these gains were exactly balanced by declines in farm income and transfer payments (government pensions, allowances or payments to veterans).

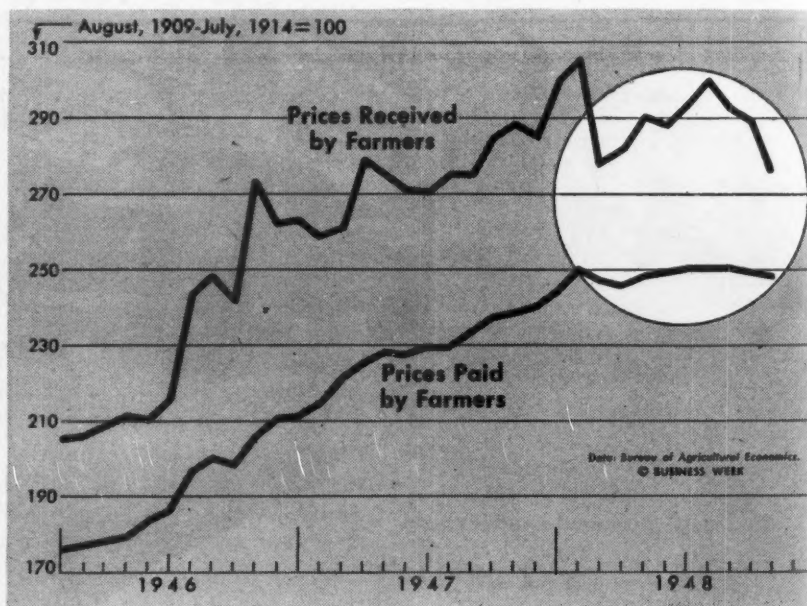
These opposing movements—and the record of personal income payments so far this year—indicate that the trend is still upward; September was only a period for marking time.

• **Reasons**—Here are the reasons why:

(1) The fall in September farm income stems directly from the fall in agricultural prices which began during July. With farm prices due for stabilization under the government support program and with meat likely to be costly well into 1949, farm income may stop lowering the personal income total.

(2) A drop in veterans' bonus payments by state governments caused the drop in transfer payments. With bonus programs practically completed, the transfer payment total won't shrink much further.

(3) Dividend disbursements rose



## Narrowing the Gap That Gages Farm Prosperity

Sharp drops in prices of corn, meat animals, and butterfat have caused BAE's Index of Prices Received by Farmers to fall 13 points. At the same time, the Index of Prices Paid (including interest and taxes) dropped only 1 point. Result: The ratio between the two—the famous "parity" that

attempts to measure the farmer's financial well-being—fell to 111 this October. This is its lowest point in six years. Of course, as the chart shows, comparison of today's ratio with the 1909-1914 parity standard still puts the farmer a good deal ahead of the game.



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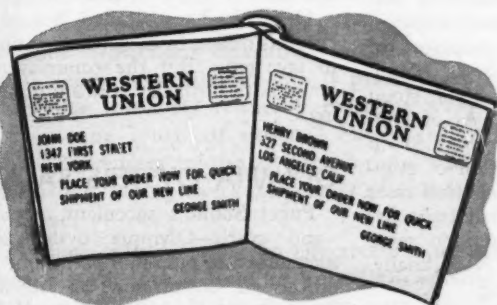
**TELEGRAM "BOOKS" REACH 5 PEOPLE**

**OR 5 THOUSAND**

**QUICKLY, INEXPENSIVELY**

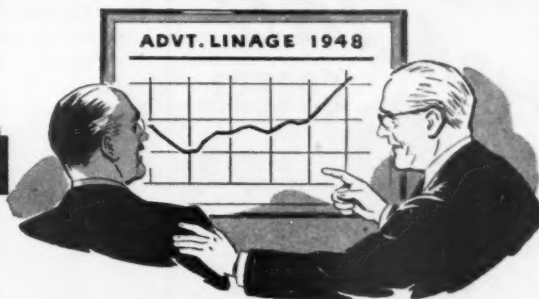


**3000 checks on inventory.** To secure from dealers an inventory of their stock on hand, a drug products company sent out a book of 3000 telegrams. This method developed the data so quickly that the drug company was able to launch its sales campaign at a much earlier date than at first anticipated.

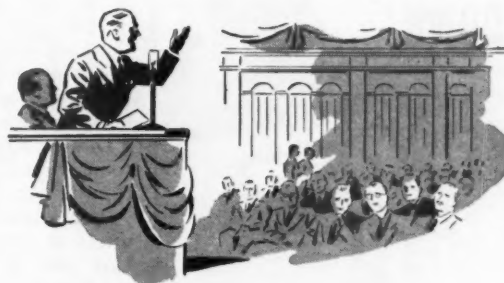


For any purpose, and in any number, telegram "books" are the simple solution to the problem of reaching 5 or 5000. Just one text and a list of addressees—and Western Union does all the rest. Call Western Union for further details.

**FOR GREETING MESSAGES, TOO—USE THE TELEGRAM**



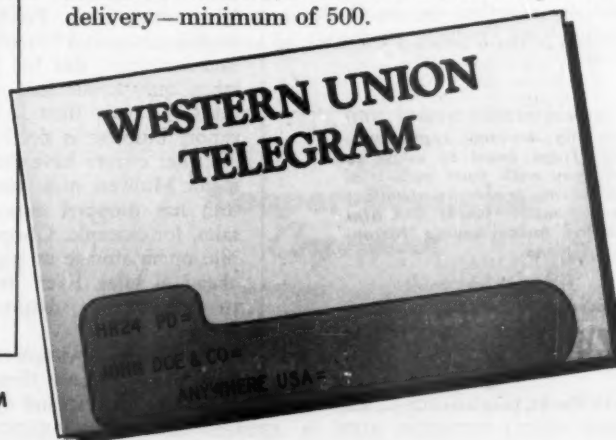
**125 telegraphic sales solicitations.** To solicit 125 advertising prospects for a special issue, a trade magazine used a "book" of telegrams—the same message sent simultaneously to the entire list. Result—more advertising than ever before carried by the magazine or any competing publication.



**149 convention invitations.** To determine how many dealers planned to attend a forthcoming convention, an appliance distributor sent a book of 149 telegrams. Result—133 affirmative replies that enabled the distributor to make adequate plans for an outstandingly successful convention.

### SEND "TELEPICTURE" BUSINESS BUILDERS

Now, along with your sales messages in quantity, you can picture your product on a telegraph blank. Cost of printing the picture plus 3¢ for each blank and the message charge give you a distinctive, personalized business builder. Available only for local delivery—minimum of 500.



## Tired of SPIRALING COSTS?



...here's a sure way to  
**BRING 'EM  
DOWN!**



Costs "all puffed up" as a result of a "climb" which never seems to end?

They slide down sharply when you specify West Sanitation Products for such plant upkeep necessities as floor maintenance materials, hand cleaners, insecticides or products for proper wash room care.

West Sanitation Products get the absolute most out of every maintenance dollar you spend. Formulated for quick, thorough, long-lasting application at lowest cost. In addition they strengthen internal good will by protecting the health and promoting the comfort of employees. And that results in helping to cut the rate of absenteeism—another way in which the use of West Products can lower your costs.

*West maintains nearly 500 specially trained representatives from coast to coast to help you with your industrial sanitation problems. Contact one at once—you'll find him full of money-saving recommendations.*

Products that Promote Sanitation

**WEST** DISINFECTING  
Company

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sharply in September; they were 19% above the corresponding month last year. For the first 8 months, dividends were 12% above the 1947 period. They're still climbing steadily.

(4) For the third quarter of 1948, personal income payments were running at an annual rate of \$214-billion, compared with a second quarter rate of \$209-billion. Much of the third-quarter gain occurred in the wage and salary component, as a result of third-round wage increases.

## Milk Surplus

It hits some areas of the Midwest as resistance to high prices takes hold. But ultimate danger is shortage.

Certain areas of the Midwest this week were experiencing a sharp drop in milk prices. Except for pork, that's the only farm commodity which has fallen in price recently. So far the milk price drop has hit only prices paid to farmer patrons by milk plants.

• **Double Reason**—The price drop has come in areas which produce a surplus of milk over local fluid milk needs.

The reason is double-barreled. First, prices of manufactured dairy products have risen to a point where consumer resistance has gone to work with a vengeance. Purchases have dropped so far that such products are piling up terrifically.

Second, this pile-up is being speeded by resistance to fluid milk prices. With sales to consumers falling—they're down 3% to 5% over last year in some cities—more and more fluid milk is left over to flow into the already over-stocked manufacturing plants.

• **Importance**—The importance of this pile-up shows up most graphically in evaporated milk (where surpluses of fluid milk always appear first). Manufacturers' stocks on Oct. 1, 1947, stood at about 8.7-million cases. As of Oct. 1, 1948, they had nearly doubled—to 14.5-million cases. Production of evaporated so far in 1948 is 5-million cases over last year. But the retail trade has taken only about half a million more cases this year than last. And, finally, export business is declining.

Other effects have shown up in the major Midwest milk markets. The bottom has dropped out of fluid cream sales, for example. Cheese has begun to pile up in storage as production moves ahead of sales. Even butter has begun to accumulate, despite sharp price declines.

• **Remedies**—Obviously the only things that will overcome these surpluses are (1) lower prices, and (2) more active

merchandising of dairy products. Most processors recognize this, have already begun cutting prices on most products.

But the distributors have such high inventories that they aren't buying even at the lower prices. Until they are willing to cut prices—and probably take an inventory loss—there isn't much chance of supply and demand leveling off.

• **Shortage Danger**—The villain in the whole picture is prices; they have created a surplus which is artificial. The real danger nationally is a shortage of milk and milk products. That's because, while the human population has been rising, the cow population has been falling. With feed costs high last year, many farmers figured it didn't pay to milk their cows, began sending them to slaughter. The ratio is more favorable now; feed prices have dropped. But if the price of milk falls—which it may have to—the ratio may once more be such as to discourage farmers from milking their cows.

## TEXAS HITS GAS WASTERS

For years the Texas Railroad Commission has been trying to cut down waste of natural gas in the state's oil and gas fields.

Last week the commission really got tough; it threatened to close down 17 oil fields entirely until the operators arrange to put the gas to some good use. Daily production of these fields is nearly 400,000 bbl. of crude oil, plus 328-million cu. ft. of natural gas.

In the old days, gas produced with oil was flared (burned off). But this practice has been diminishing for years.

Last year the commission won a Texas Supreme Court ruling which helped tremendously; it granted the commission authority to compel conservation of gas, where that is economically feasible. The commission's present move is based on that authority.

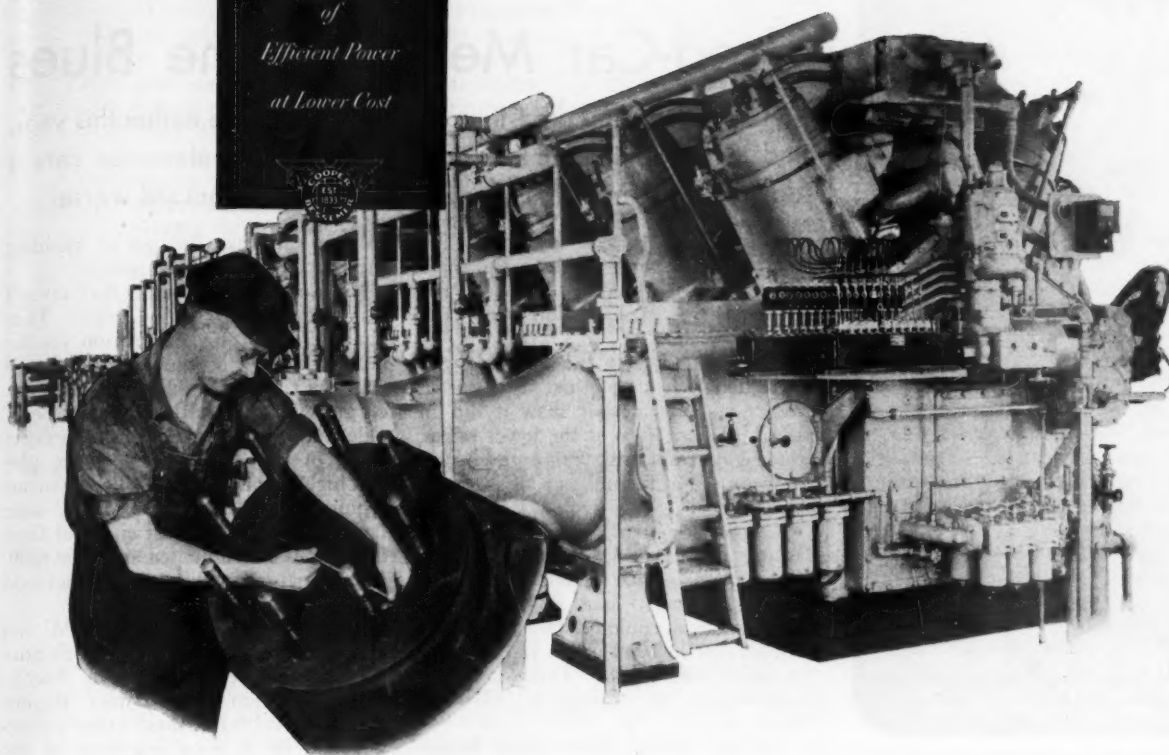
Operators have pleaded lack of market and difficulty in getting equipment to save gas. But the commission believes both obstacles now are disappearing.

## OLYMPIA OYSTERS BACK

Puget Sound's succulent, perishable—and costly—Olympia oyster almost succumbed to pulp-mill pollution. Conditions are better now, so Ingham & Reed Oyster Co. (an affiliate of Simpson Logging Co.) is reviving and mechanizing the dying industry.

Ingham now controls some 60% of Olympia-oyster output through the recent purchase of 40-year old Olympia Oyster Co. Its goal: a five-fold increase in production. This will entail construction of new sea dikes, mechanization of harvesting and shucking, research into packaging and shipping.

Another Example  
of  
Efficient Power  
at Lower Cost



## How a "mike" measures dollars saved in engine operation

WHEN engine cylinders wear only one-eighth of normal expectancy, *that's something!* Yet it is typical of the wear resistance demonstrated by Cooper-Bessemer's big V-type gas engines, built to withstand continuous operation month after month in petroleum refineries, chemical plants and cross-country gas lines. By reducing cylinder wear to as much as one-tenth of normal expectancy, these Cooper-Bessemer's minimize "down-time" and costly maintenance, saving users thousands of dollars in this way alone.

To reduce cylinder wear so effectively is no simple matter. It takes lots of time, technical knowledge and laboratory facilities. It involves not only metallurgy, but foundry practice, finishing techniques and actual design. It demands smooth-running engines, ideal balance of reciprocating parts, full utilization of power thrusts, uniform heat distribution and effective cooling of heat concentration areas.

Yet the battle against wear is only one phase of the development work that goes on constantly at Cooper-Bessemer . . . development work applied to diesel, gas and gas-diesel engines for *every* kind of heavy-duty power service. Time and again it results in new engines, improved engines for power production at ever lower cost.

So if you want to know how you can cut your power costs year in, year out, find out about the *new* things being done by one of America's *oldest* engine builders.

*The*  
**Cooper-Bessemer**  
*Corporation*

MOUNT VERNON, OHIO

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DIESELS • GAS ENGINES • ENGINE-DRIVEN AND MOTOR-DRIVEN COMPRESSORS • HIGH PRESSURE LIQUID PUMPS



## PAPER "Diapers" FOR TREES

Moisture proof, vermin proof, high tear strength, "cushioning," elasticity... these five distinct properties are engineered into Centraline Nursery Wrap! All Centraline papers are engineered... the scope of treatments is almost unbelievable. Possibly our laboratories can assist you with product or production problems. There is no obligation for an analysis.



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# TRANSPORTATION

## Used-Car Men Sing the Blues

Seasonal drop in prices and sales came earlier this year, and cut deeper. Premium on "used" new popular-price cars is down to 15% over list. Dealers fear things will get still worse.

Prices of used cars always decline around this time of year. So the mere fact that prices today are below the year's peak, by itself, wouldn't worry the used-car dealers.

What does worry the dealers is the fact that the drop this year started earlier and cut deeper than it did in 1947. Today, even at the lower prices, trade is far from brisk. Those three facts have caused a definite case of jitters in the trade.

• **Comparison**—Back last spring, the average price of a "used" new car of the three popular-price brands (Chevrolet, Ford, Plymouth) was about \$2,300. This week you could get one for \$1,900. Medium-price 1948's hit a top this year of more than \$3,000. This week they were down to around \$2,500—with fewer takers.

Prewar models have done better: Their price drop has not been so great, percentagewise; and they are moving faster. Used-car men today are much more interested in buying "clean" 1939

to 1941 cars than they are in spending their money for the late models.

• **No Cause for Joy**—But that doesn't make dealers too happy, either. They figure there is only one reason for the better showing of prewar cars: People who can't afford to buy the 1948 models are willing to settle for the cheaper, older variety. That appears to be a direct result of the high cost of living, plus the high down and monthly payments required by Regulation W. And, since it doesn't look likely that either of these is going to be eliminated any time soon, the normal seasonal upturn in sales next spring may be affected.

Reimposition of Regulation W was one of the big factors in this year's price decline—the Federal Reserve Board's credit-limitation rule. Under Regulation W, a car buyer must make a down payment of at least one-third of the price of the car and often more; must pay off the rest in not more than 18 months. A lot of potential used-car customers, who might have been able to



## 1949 Buick Line Includes Solid Top "Convertible"

The 1949 Buicks made their bows this week. A new model in the Roadmaster series is the "Riviera," a solid-top custom coupe which looks like a convertible but isn't, and whose rear window is one of the widest of any closed car. The Riviera will go into production sometime next spring. In all, Buick pre-

sented 11 new models—and numerous mechanical improvements. One of the most interesting is a system of self-adjusting hydraulic valve lifters in the Super and Roadmaster cars that are equipped with Dynaflo (Buick's automatic transmission); it is aimed at eliminating tappet noise.

afford to buy a \$2,500 car on the old terms of, say, 20% down and 24 months to pay, were pushed right out of the market—or into a lower price bracket.

• **Seasonal Change**—The unusually early appearance of the price slump this year is viewed with considerable misgivings by the trade. In 1947, prices didn't reach their peak until August; the real break didn't show up until November; the over-all price decline was less than 15% by the end of the year. This year, on the other hand, prices peaked in the spring; the market started its steady decline in September; the drop has already reached at least 15%.

In 1947 the top price, in August, of popular-price cars was about 40% above list; even at the end of the year the premium was still about 25%. This year the peak was also about 40%—but that

was in the spring. By August it had dropped to about 33%; today it is no more than 15%. With the worst of the winter still ahead, many used-car dealers fear further softening.

• **Financing Troubles**—One offshoot of the situation is the way the finance companies have tightened up on the used-car dealers. The recent slowdown in selling means that the dealers need more credit, for longer periods, to finance their inventories. And the finance companies are getting more and more wary about giving it. The same thing happened to some extent last year, but not until well along in midwinter.

This overextension of credit is indicated by the fact that many of the smaller finance companies have already borrowed to the limits of their bank credit lines.

## Oil Men View Engine Design

The oil industry pays close attention to Detroit's problems these days. It faces a big job in supplying enough high-octane fuel for the coming high-compression engine.

The oil industry takes a very serious view of the coming era of high-compression auto engines. How serious, could be seen at last week's Chicago meeting of the American Petroleum Institute, where the oil men paid much closer attention than ever before to the shape of car engines to come.

• **Problem**—Their preoccupation is understandable. Charles F. Kettering's really high-compression car engine may still be a long way off (BW—Jun.14'47, p52), but it's only a matter of time before it gets here. Oldsmobile (BW—Sep.25'48,p36) and other car makers have already hiked the compression ratios of their engines. Still higher ratios will come along.

When they do, the petroleum people face a tough problem. For higher-compression ratios require gasoline with higher-octane ratings, which the industry can't produce as yet in anywhere near the needed volume. To do so will mean an outlay of perhaps \$4.5-billion for new refining equipment.

• **Feud**—The upshot has been a feud between the oil and car industries over the best way to get the job done (BW—Apr.17'48,p80). This explains the recent interest in the Vitameter, an octane-boosting gadget for car engines developed by Cleveland's Thompson Products, Inc. (BW—Oct.30'48,p82). Some oil men tout it as a possible answer to Detroit's insistent demand for higher-octane fuel.

Last week, at the A. P. I. meeting, oil men were again showing a deep interest in what's going on in Detroit. This time they listened carefully as

Thompson Products' vice-president A. T. Colwell and staff-engineer A. L. Pomeroy spoke on trends and problems in engine design. Here are their predictions on what will happen as compression ratios move upwards:


The straight-eight will give way to the V engine, flat engine, and straight-six. Reason: They provide better visibility, more structural rigidity, roomier cars.

The valve-in-head engine will ease out the more common L-head type. Because its valves are right on top of the cylinders, the valve-in-head engine handles fuel-air mixtures better than the L-head, valves of which are tucked away at the side. It also cuts down engine deposits. (However, the L-head may be used with supercharging.)

New transmission designs—such as Packard's (BW—Jun.12'48,p41)—will provide more efficient operation, improved load factors.

Pressure cooling will mean smaller radiators, some of which are now in use. And this in turn will increase the need for better car plumbing.

Combustion pressures will exceed 1,000 lb. per sq. in. (they now run around 450 to 650 lb. per sq. in.). This means that the auto industry must produce better valves and valve seatings, jack up sparkplug voltages, develop pumps for positive crankcase ventilation, work on supercharging. Likewise, it means that more auto makers will have to switch to aluminum pistons with closer clearances and controlled-expansion, aluminum cylinder heads, improved piston rings and bearing materials.



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BW-11-20

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## RFC Air Aid?

Odlum seeks \$43-million RFC loan for his equipment trust company. Firm would buy new Convairs, to lease to airlines.

Floyd Odlum's plan to help the airlines—and keep his Consolidated Vultee Aircraft Corp. making airliners—is now waiting on Reconstruction Finance Corp.

Odlum is board chairman of Consolidated Vultee, and president of Atlas Corp. Last week, he hoped out loud to reporters that RFC would shortly approve a \$43-million loan to provide most of the financing for his plan.

• **Buy-Lease**—The plan: to set up Convair Equipment Corp. (BW-Oct. 2 '48, p89), an equipment trust jointly financed by Consolidated Vultee and the government. Convair Equipment would buy new Convair-Liners from Consolidated Vultee, lease them to airlines.

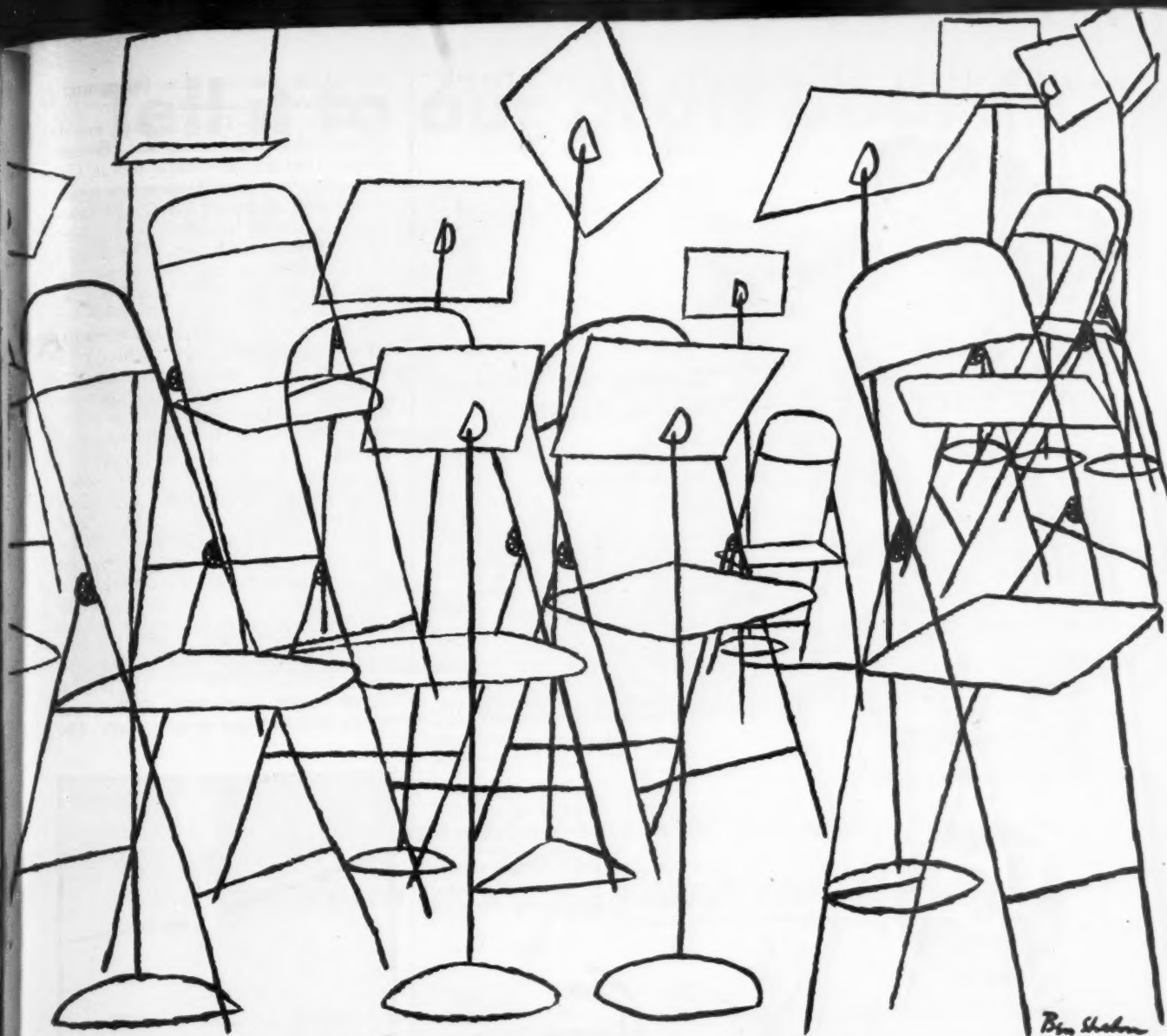
Convair Equipment Corp. would buy the planes for \$600,000 each, including spare parts. It would lease them for a flat monthly fee, plus a flexible surcharge based on amount of traffic handled. The leasing airline could buy the plane anytime during the first three



## Cockpit Cover

Bubble canopies for aircraft are getting less like bubbles all the time. This one, for instance, is the latest in streamlined cockpit covers. It's molded by North American Aviation, Inc., for the Navy's new carrier-based attack bomber, The AJ-1. North American is turning out the plastic canopies—and the new bombers—at its Downey, Calif., plant.





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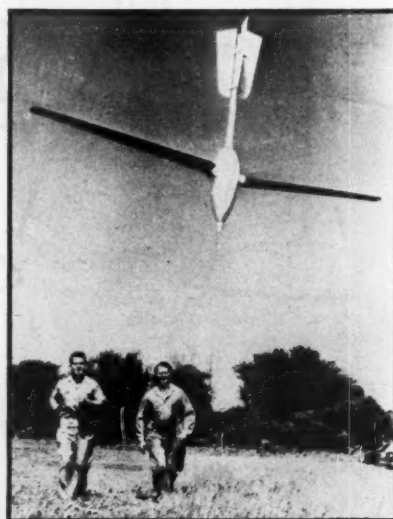
years of the four-year lease. Price: original cost less depreciation.

• **Airlines' Gain**—The Convairs would replace the airlines' older, less efficient planes. That way, as Odlum sees it, the airlines could start making profits again.

Odlum told reporters that the Convair-Liner could replace the Douglas DC-3. Experience with Convair 240's already in service, he said, shows the plane's operating cost to be 50¢ a mile, compared with the DC-3's 40¢. But the seat capacity is doubled in the Convair.

• **Basic Assumption**—The Odlum plan is based on the assumption that 100 standard Convairs could be leased to the airlines. Some aviation people think this can't be done. But many feel that Odlum has good reason to aim at this figure. They think Consolidated Vultee will dip quite deeply into the red on the Convair-Liners unless it can build from 50 to 100 more. They estimate that sales of about 250 planes will put the Convair in the black. Consolidated Vultee has sold 158 so far; about half have been delivered, the rest by spring.

• **Financing**—To buy 100 Convairs, Convair Equipment Corp. would need about \$60-million. Of this, \$43-million would come from RFC. This loan would be amortized in four years. The



## Supersonic Parachute

This weird-looking gadget nosing for the ground is a supersonic parachute. Carrying a load of delicate recording instruments, it is shot out of a V-2 rocket as high as 100 miles above the ground. As it heads for the earth at supersonic speed, its lateral vanes automatically spread out, slowing its descent. By the time the parachute hits the ground it is traveling at 27 m.p.h., an impact speed which does no harm to the cargo. The gadget was developed by General Electric Co. laboratories, Schenectady.

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↑ Motor design starts on the drafting board, to predetermined requirements.

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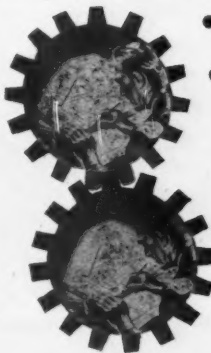
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rest would be provided by Consolidated Vultee, in exchange for Convair Equipment stock.

Eventually, Odlum said, Consolidated Vultee would put some of this stock on the market. And as soon as the RFC loan was paid, Convair Equipment could operate on its own, handle planes of other aircraft makers.

• **A Factor**—Here's one factor that might influence RFC's decision on the loan—if it isn't forthcoming immediately. Only this week, Maine's Sen. Owen Brewster (R.) renewed his proposal that the government pay development costs of new transport planes (BW—May29'48,p16). Last year Brewster was chairman of a special Senate committee to investigate the National Defense Program.

## C.-W. Plane Plans

Airplane division is busy on modification and classified projects. F-87 principles may still be used on other planes.

Curtiss-Wright Corp. is actively negotiating with the Air Force and the Navy for new plane contract work. Design proposals have been submitted in the usual way that aircraft makers follow in competing for military business.

Enough business is booked now—on plane modification and certain classified (secret) projects—to keep the airplane division of C.-W., at Columbus, Ohio, busy until at least late next year.

• **F-87 Out**—Recently the Air Force announced that C.-W. will not build the F-87 jet fighter. This cancellation was due to a change in the Air Force's tactical requirement. This F-87 change, according to the company, has actually affected only 10% of the C.-W. airplane division's approximately 3,000 employees. C.-W. also has disclosed that studies are continuing on the application of the principles of the F-87 to other types of aircraft more immediately required.

Loss of the F-87 contract does not mean that C.-W. is going out of the airplane business (BW—Nov.6'48,p40). This order cancellation, plus a steady decline in the company's percentage of total U. S. plane-sales volume, had been interpreted as the end of C.-W. aircraft production.

• **Smallest Division**—The aircraft division of C.-W. at present is probably the smallest aviation unit of the company. It is not nearly so important as the manufacture of engines or propellers. The engine division still has a good backlog of orders from the Navy and Air Force. And the propeller division is operating at full capacity.

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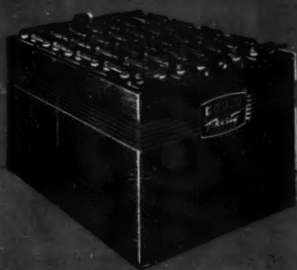


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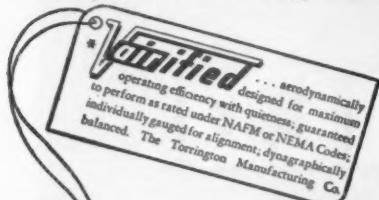
Ever realize how uniformly cold your butcher's refrigerator is — top, bottom, corners? That's forced air circulation at work — air preserving food.

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# PRODUCTION

## Up and Down, Electronically

Otis Elevator's Autotronic system adjusts to six patterns of elevator traffic at the change of a dial. Maximum waiting time: one minute. That means fewer elevator shafts, happier riders.

If you have ever pressed a button and waited, patiently or impatiently, while full elevator cars zoomed past, you can testify to one thing: Traffic control is a very big problem in elevator systems.

This week, Otis Elevator Co. announced a new traffic-control system, called Autotronic. It makes the "forgotten man's" future a little brighter. It can be used with any Otis installation, old or new.

• **30% More Efficient**—The Otis announcement is good news for management. According to the company's engineers, installation of the Autotronic system will get greatly increased carrying efficiency from group elevators; for those that don't now have automatic supervisory system, it means an increase in efficiency of 30% to 40%.

To prove their point, the engineers cite two cases. In the first, Autotronic application cut six elevators down to five, yet increased passenger-carrying capacity 30%. In the second, it was found that seven, instead of 12 elevators would efficiently handle the building load.

• **Electronics Does It**—The Otis development is its second venture into the

electronic field. The first was an electronic "touch" button to signal elevators (BW—Jun. 19'48, p58). The new system applies electronic control to the dispatching of elevators. It can be tailored to various traffic patterns; several ingenious features allow it to adjust service to unusual conditions.

In conventional elevator traffic, the starter is the boss. There are timing devices that he can use, but mainly he is the final think-man.

Otis eliminates the human element almost completely. It keeps the starter and the operator, but cuts their work considerably. And the men on the job can't outguess the system by whim.

• **Six Patterns**—Autotronic is geared to six basic traffic patterns: (1) up-peak for morning arrivals; (2) equal up-and-down traffic; (3) heavy down-traffic at lunchtime; (4) heavy up-traffic after lunch; (5) down-peak movement at the end of the day; and (6) night and holiday service.

All the starter does is to set a small dial on the lobby indicator panel to one of the six positions; then he sets another dial in any range between 15 and 45



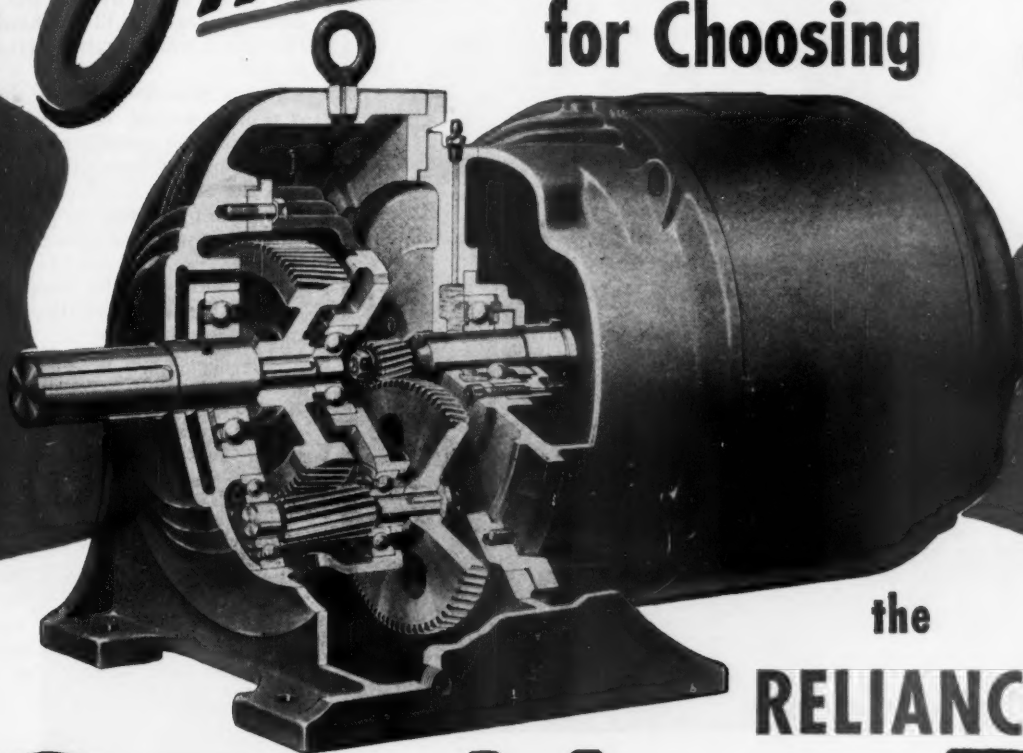
## G.E. Uses Factory "Studio" To Test TV

Simulated studio operations, set up right in the General Electric Co.'s Syracuse Television plant, are helping technicians rate TV studio equipment as it comes off the line. Here, a "test pattern" is being picked up in the "studio." This pattern is relayed to

monitoring equipment. Engineers observe equipment behavior as the test pattern comes through. With this set-up, G.E. says it can reproduce every normal operating condition, can make comprehensive engineering tests of the transmitting equipment.



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- 4 Splash system with large oil reservoir assures constant and thorough lubrication of all parts.
- 5 Anti-friction bearing construction throughout.
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seconds to control the time interval between cars. (What the interval should be comes out of studies of a particular building.)

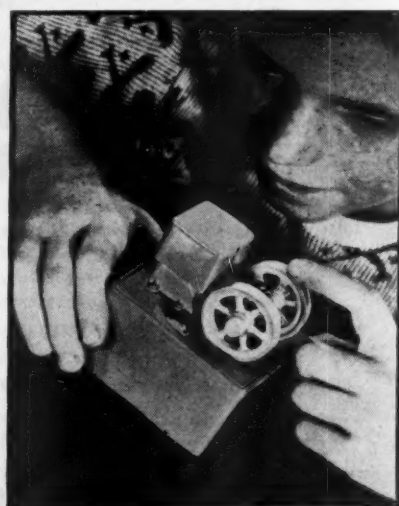
During rush hours, Autotronic automatically zones the building into two divisions: high and low. It assigns cars to cover each division. A car reverses at the highest call in its zone and picks up down passengers until it is filled. When the rush is over, operation switches back to normal.

• **Just a Minute**—Whether the service is rush or normal, no one has to wait more than 60 seconds after he pushes the call button. Perhaps several full cars pass the call up; in this case, not more than a minute after the call, the first empty car automatically stops at the floor, reverses, and gives express service to the lobby—or the floor the caller wants. That's where the "forgotten man" gets a break.

Another feature for soothing passenger tempers is the re-registration device. If an operator can't take on all the passengers waiting on a particular floor, he can re-register the call from his car. The next available car will stop to pick up the overflow. Often the second car will arrive before the first has finished loading. With normal installations, the second car won't stop at a landing where another car has stopped.

• **How It Works**—Here's how Autotronic handles the traffic patterns:

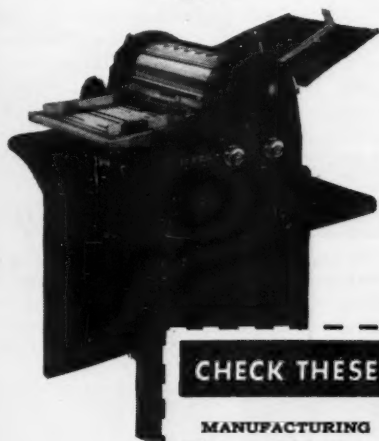
**Peak morning loading.** Cars are automatically dispatched from the lobby



## Midget Motor

This tiny power unit for action toys, called "Atomotor," is another example of the application of plastics to consumer products. The engine runs off two standard flashlight batteries, can be started by a push-button switch on the base. Power can be taken off the flywheels by a belt. It's made by Technical Toy Co., 403 S. Raymond, Pasadena, Calif.

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only. As soon as a car is filled, it leaves. Slow-loading cars aren't held for a full load. An up-car reverses automatically when emptied, skips the useless ride to the top floor.

**Balanced traffic.** Here the problem is to keep the cars evenly distributed. Autotronic does this by dispatching cars at regular intervals, in the order of their arrival. Fast cars are not held up for slow cars. A delayed up-car may be reversed automatically if there are no calls above. Traffic surges are also handled because full cars can leave immediately without disturbing the scheduling.

**Lunch-hour traffic.** When the starter sets the dial to the proper position, the system is geared to take on more down traffic. The reverse is true for the after-lunch setting.

**Down-peak movement** at the end of the day. At this setting, the system dispatches cars from the upper terminal. When the peak comes, the system switches over, divides the building into high and low zones. It still does special favors like picking up "passed-by" passengers.

**Night and holiday service.** One car is normally waiting in the lobby. When a call registers from an upper floor, the attendant starts it, and it goes to the highest floor where a call is registered. It then reverses, stopping to pick up passengers on intervening floors.

Otis claims that its new system will cut normal waiting time in your building to 30 seconds or less; hence your increase in over-all capacity. Besides that, you'll have happier customers riding your up-and-down intramural highways.

## Continuous Processing For Fine Rayon Yarn

The country's biggest rayon maker is going into the continuous-processing production of viscose rayon yarn. Last week American Viscose Corp. released a few details of what officials claimed was "an entirely new high-speed spinning technique." Avisco, since the war, has been making tire cord on a continuous basis; now it will spin fine yarn that way, too.

• **Successor**—Continuous processing of fine yarn isn't new (BW—Nov. 15 '47, p64). The trade looks to it as the logical successor to conventional pot-spinning. In that process, coagulated yarn, made by treating wood pulp or cotton, is collected in a large "cheese," or batch, which is then subjected to a series of treatments. Continuous processing applies the same treatments successively to a single yarn. Avisco says its continuous method can produce dried and finished yarn in a matter of seconds; pot-spinning takes hours.

According to Avisco officials, the de-

velopment and machinery were worked out entirely by company technicians. Work started in 1943. The company does not expect to license the process; it plans to install the system in one of its own plants, which, within two years, will be ready to produce 20-million lb. of viscose rayon annually.

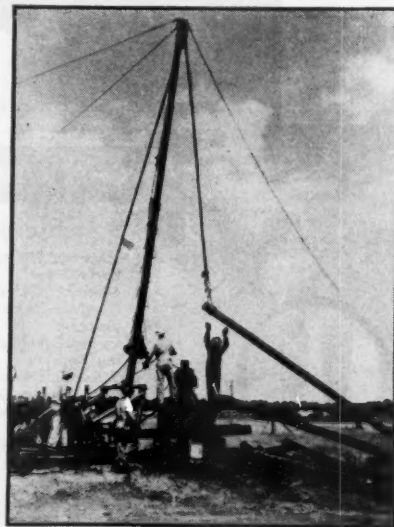
• **Qualities**—The yarns produced so far on the new machine are said to have good uniformity in physical and dyeing characteristics. Residual shrinkage is between 3% and 3½%.

## NEW STRAINER FOR WATER

A new water-clarification process, developed in Great Britain, will soon be available for use in this country to replace sand filtration methods.

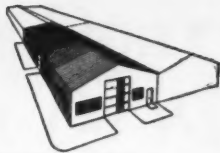
The process, worked out by Glenfield & Kennedy, Ltd., involves micro-straining the fluid through a rotary drum screen with an extremely fine mesh. According to reports, this kind of installation costs about one-fifth as much as an equivalent sand filter. In addition, the strainer removes particles as small as 40 microns (a micron is a thousandth of a millimeter); a sand filter catches particles only down to 70 microns.

About 12 installations have already been made in Britain, including a pilot



## Salvaging Used Pipe

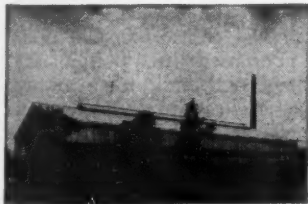
Oil and gas companies, finding pipe hard to get, are salvaging abandoned pipelines. Carter Oil Co., a Southwest operator, has already salvaged about 200,000 ft. of casing and line pipe (above), expects to run that figure up to 300,000 ft. by the end of the year. After the pipe is dug out, it is sent to a central work yard for cleaning, testing, and repair. About 95% of the old pipe is re-usable, principally for low-pressure areas. Cities Service, Phillips, and other companies are also pulling up and re-laying used pipe.



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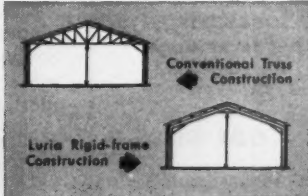
2. They offer you all the advantages of standardization without the usual limitations. For Luria Buildings can, in effect, be custom-tailored to your exact requirements. In fact . . .



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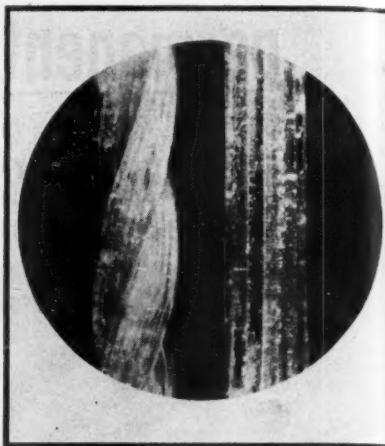
**No other farm magazine has them all...not one!**

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plant in London. At least one U. S. company is negotiating for the right to manufacture the equipment in this country.



## Twistless Thread Won't Split or Ravel

"No-twist" is the new twist in thread-making.

Last week, in New York, the sewing trade got its first look at this twistless thread—called Monocord. Developed by Belding Corticelli (trade name for Belding Heminway Co.), top U. S. thread producer, it's the result of research done at company laboratories in Putnam, Conn.

• **"Welded"**—Monocord (right, above) is a multifilament thread that is neither coated nor resin-treated. It's made up of fibers that are "welded" together. In conventional thread, on the other hand, the fibers are twisted (left, above). Big advantage of Monocord, according to B. C., is that it won't kink, snarl, split, or ravel. It can be made from almost any fiber, will work just as easily on a home sewing machine as it will on big industrial jobs.

Just what is involved in the "welding" process the company won't say. Until final patents come through, engineers are keeping the secret locked in their penny purse.

• **Initial Output**—A nylon thread, called Nymo, is the first to be made under the Monocord process. Right now production is limited to what can be turned out at the Putnam pilot plant. Initial allotments will go to a few industries at the top of B. C.'s priority list: the corsetmakers, the underwear field, and the book binders. Cost will be about the same as that for twisted-nylon thread. Full-scale commercial production is a good way off.

One point still to be worked out: finding dyestuffs that will take the high temperatures involved in the "welding."



# Bubbles Don't Wash Clothes But *Do* Waste Soap!

Non-Foaming  
**RENEX\***

Outmodes the Theory  
That Suds are Essential  
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**RENEX**—the new Atlas non-ionic liquid detergent for commercial laundering, compounding, textile and fiber scouring—introduces an entirely new concept to the science of cleaning. RENEX is designed to *prevent* the formation of excessive suds! It stays *in the water* where needed for removal and suspension of soil.

Laundry-owners are finding that RENEX, which gives outstanding low-cost cleaning performance on cottons as well as woolens and fine fabrics, helps them standardize washing formulas instead of wasting soap by guesswork based on amount of suds. They're getting whiter whites and brighter colors—and saying goodbye to old-time troubles of overflowing suds.

Add to this the fact that RENEX eliminates soap scum, can be used in cold water, doesn't require cooking—and best of all, is not subject to wild price fluctuations—and you'll understand the popularity of RENEX in commercial and institutional laundries.

**RENEX** offers exceptional advantages of interest to makers of home-laundering compounds, dish and bottle washing compounds, general household cleaners, automobile cleaners—and as a scouring agent in processing of textile fibers, yarns and fabrics.

\*Reg. U. S. Pat. Off.



*Write Industrial Chemicals Department  
for literature on RENEX.*



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\$199.95 up, F. O. B. Glen Riddle, Pa.*



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## Olds Uses High-Speed Gaging

Lansing plant that makes new high-compression engines has complete installation of automatic and semi-automatic inspection machines. Many different measuring operations are handled.

Any big manufacturer can tell you that you can't run a modern production line with a horse-and-buggy gaging setup to check dimensions.

• **Olds' Decision**—That's one point General Motors' Oldsmobile engineers were sold on a long time ago. So, when tooling up started for Old's new high-compression engine (BW—Sep. 25 '48, p36), top inspection men lost no time getting set with designs and orders for new gaging equipment.

They realized that automatic and semi-automatic inspection controls were essential if gaging operations were to match the pace set by new production machines. The reasons: (1) The new engine—a precision device—would need a much closer check on part dimensions and fits than previous models; (2) if manual inspection methods were used, the number of high-pay inspectors would be all out of proportion to the rest of the work force.

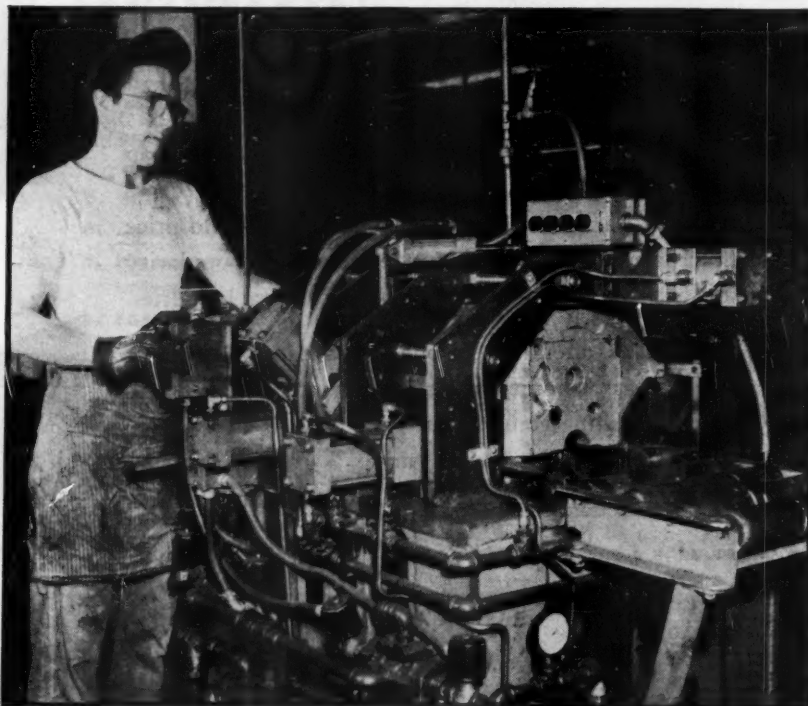
• **In Use**—Last week production at Olds' Lansing (Mich.) plant reached full-scale levels. The fact that the plant was running like a well-oiled watch showed how

right the engineering planners had been in adopting "robot" gaging. Observers saw how once-complex measuring operations are now easy to do; how steps that were once single spot checks are now applied to every unit.

In lining up this gaging battery, Olds had its eye on tomorrow: The machines it designed and bought will not only pay off today, but they will also fill the bill when higher-compression engines eventually get into production.

• **Jobs**—The air-powered gaging machines in the plant handle large and small parts, interior dimensional checks, volume comparisons, sorting.

They are concentrated on the most essential fits in the new engine. These include: gaging and classifying piston-pin holes, pins, and connecting-rod holes into four categories; gaging and classifying cylinder bores and piston diameters into eight groups; checking cylinder-block holes; and checking the fit for crankshaft and camshaft bearings. Some of the basic jobs done by automatic gages are shown below and on the following pages.



**LARGE PARTS:** Probing the cylinder block, this gage checks machining clearance on a casting to protect expensive tool heads on the line. The gage clamps the block in

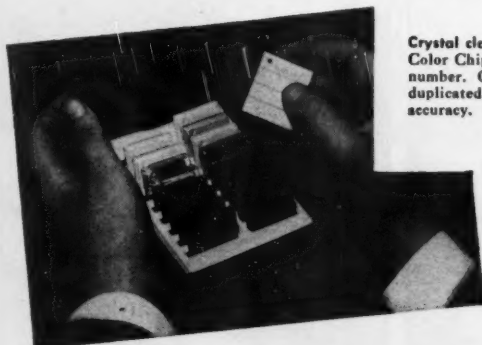
position, moves testing heads to critical areas. If movement is blocked by excess metal on the casting, lights indicate the defective section (TURN TO PAGE 60)

# The "HOT SPOT" of the Plastics Show was the demonstration of KOPPERS HEAT-RESISTANT POLYSTYRENE P-8



## THE BOILING WATER TEST

Products made of Koppers Polystyrene P-8 retained their shape after 30 minutes of boiling which is considerably longer than they would stay in the automatic home dishwasher. This extra heat resistance you get without extra cost. Why not use Koppers Polystyrene P-8 and give your customers a better product for their money?



Crystal clarity or any color you want. Koppers Color Chips each carry their own identification number. Once you choose a color it can be duplicated order after order with scientific accuracy.



## Koppers Plastics

\*POLYSTYRENE \*CELLULOSE ACETATE \*ETHYL CELLULOSE

THERE were plenty of interesting exhibits at the Plastics Show in New York, but people really got excited at the Koppers display. Here they saw the boiling test of the new Heat-Resistant Polystyrene P-8. Tea strainers made of P-8 were immersed in boiling water for 30 minutes—a test that would twist ordinary polystyrene out of shape—but there was no material distortion of the strainers made of Koppers P-8.

What really makes this "Hot News" to the plastics industry is that Koppers Heat-Resistant Polystyrene P-8 sells at the same price as regular polystyrene which is the lowest in cost of all the thermoplastics!

Manufacturers, molders and plastic buyers were quick to see that here was the material their customers wanted. No longer would they have to pay a premium for heat-resistant plastics. Tea strainers, funnels, measuring cups, cutlery handles, canisters, nested cups, refrigerator dishes and a host of other products—could now be made to stand the heat of the automatic home dishwasher. Radio cabinets would not distort over the hot spot of the power tube.

But this is not the complete story of Koppers amazing new Polystyrene P-8. A faster molding cycle and better moldability mean lower costs and greater production.

No extra price. Remember, Koppers Polystyrene P-8 gives you all these advantages at no increase in price. This is possible because a radically different manufacturing process, pioneered by Koppers, permits rigid quality control from the raw chemicals to finished P-8. Send the coupon for free sample and the new booklet on Koppers Plastics.

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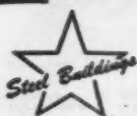
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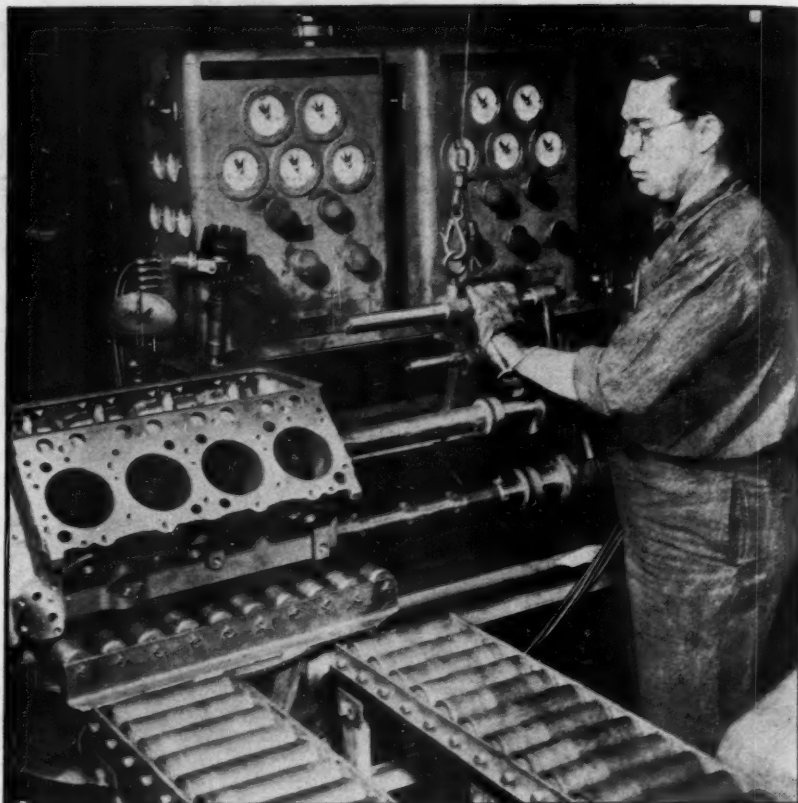
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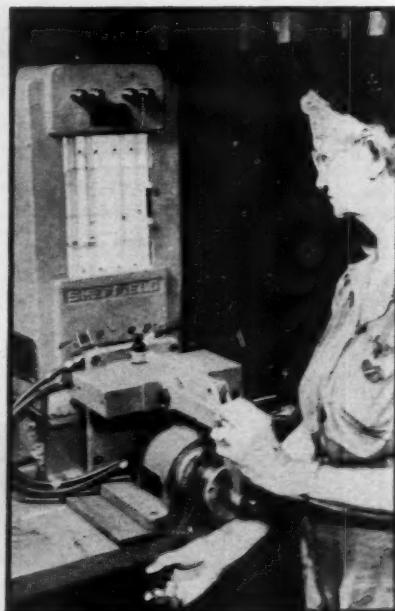


**INTERIOR DIAMETERS:** Multiple air gage inspects five main-bearing and five cam-bearing fits without moving the cylinder block. Upper spindle handles the camshaft bearings, the lower checks the main bear-

ings. Sizes are immediately recorded on the panel-board dials. The machine replaces hand plugs, which took a lot more time to do the same job. Engine castings move into position on roller conveyors



**VOLUME CHECKING:** Cavitometer (BW—Sep. 18'48, p55) measures cylinder-head volumes with sonic vibrations. If O.K., the cylinders go back on the conveyor. If one is out of tolerance, lights point out the fault, dials show how great it is



**SMALL PARTS:** Connecting rods get their physical on this gage which checks squareness and parallelism of the sides, diameter of the crank-end hole, thickness of the crank end. A similar machine inspects piston-pin and crankshaft holes (TURN TO PAGE 62)

# HOW MUCH IN YOUR BUDGET "For Her Good Looks"?



We mean, for getting her to look at your products, favorably.

For example, fabrics. Many textile mills improve the appearance and quality of their goods — and save money, too — by the use of Sonneborn textile processing oils and chemicals. One of these is Fybrol 1115, which lubricates wool fibers, facilitating yarn and fabric making, and thus helps increase production,

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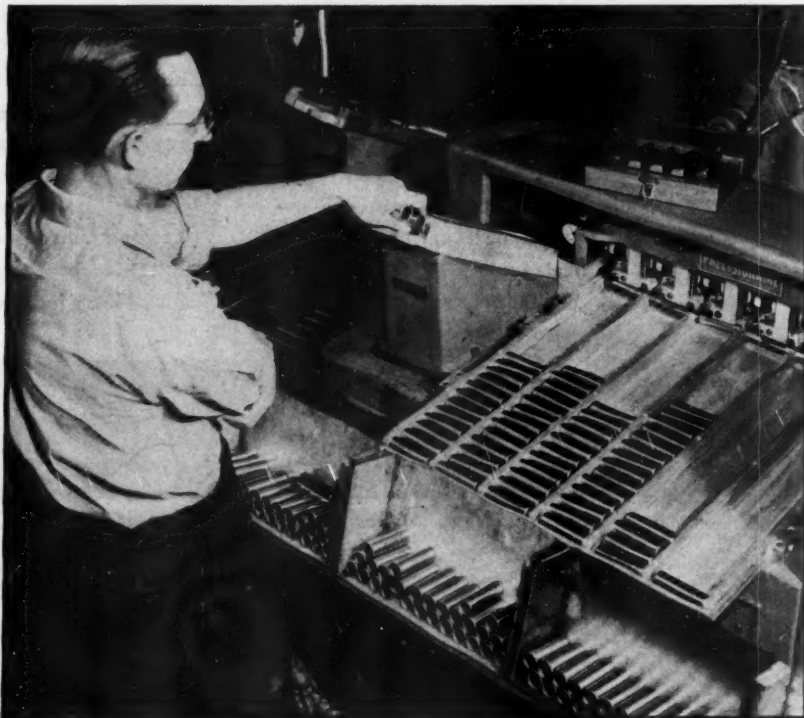
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**COLUMBIA**  
SOUTH CAROLINA



**MULTIPLE REPORT:** Piston dimensions are checked on this machine at eight different places. Points checked: six for ring-groove widths and diameter of rings; two

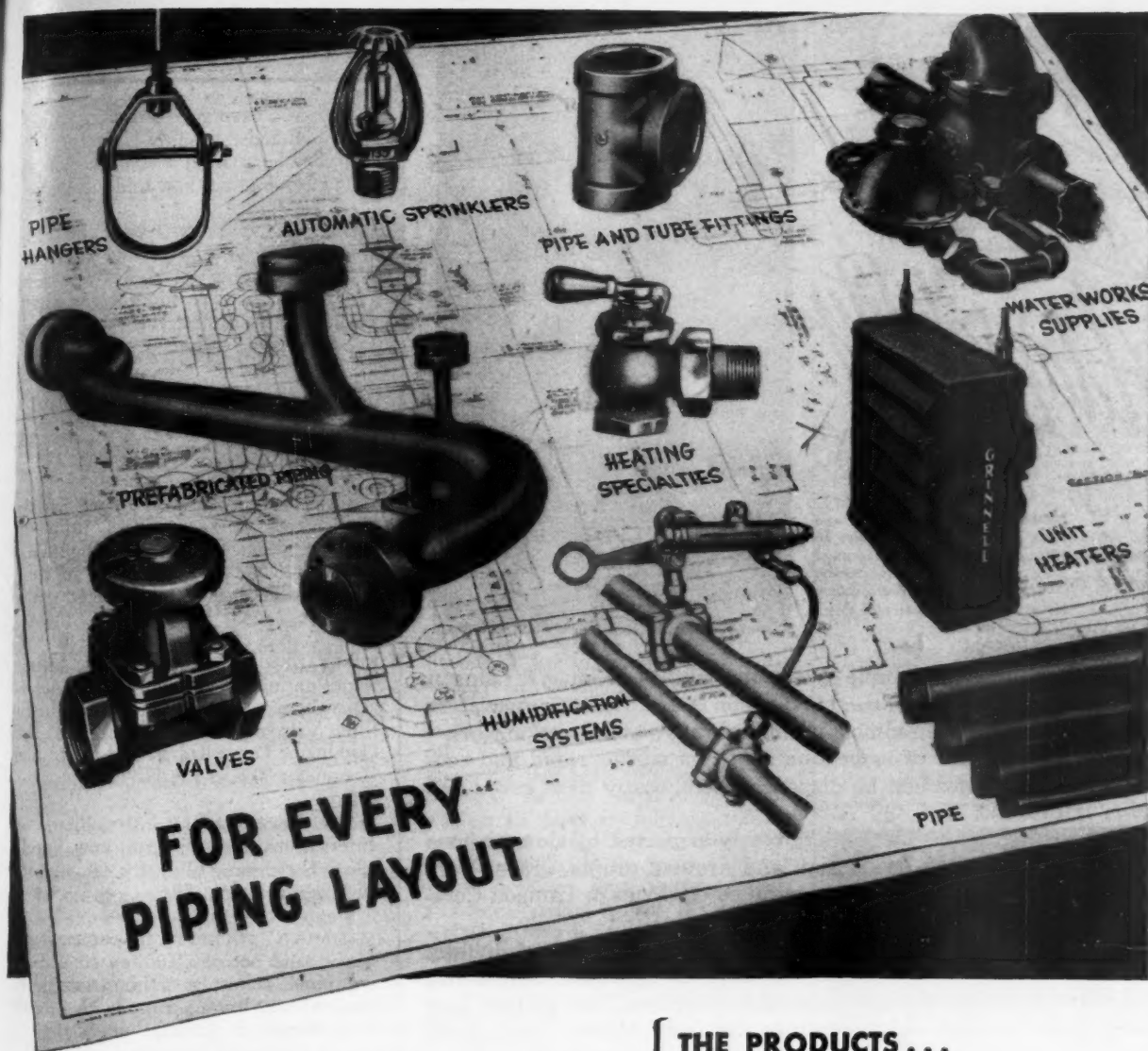
for size of skirt. If all points pass, a master signal lights up. If there is an error, each check-point light registers red or green, shows the exact location of the fault



**SORTING PARTS:** This machine classifies piston pins according to diameter size. The eight different classes vary by steps of 0.00025 in. At the same time, pin holes are broken down into four groups, by steps

of 0.0001 in. After classification, the pin is automatically stamped with a code number. Then a light flashes to show in which bin it belongs. Undersize or oversize pins go into the two chutes at the extreme right





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THE FACILITIES...  
THE EXPERIENCE

Whether your piping layout involves installing simple water and air lines, protecting buildings from fire, supplying heat or humidification or transporting steam under 1,500 lbs. pressure, Grinnell provides the products, facilities and the experience for a *complete one-stop piping service*.

Grinnell manufactures a broad line of piping products and carries a complete stock of pipe, valves, fittings and piping specialties in strategically located

branch warehouses... supplies prefabricated piping sub-assemblies ready to install... can help you engineer your piping system.

# GRINNELL

Atlanta 2, Ga.  
Charlotte 1, N. C.  
Chicago 9, Ill.  
Cleveland 14, O.  
Cranston 7, R. I.  
Fresno 1, Cal.  
Houston 1, Tex.

### Branch Warehouses

Kansas City 16, Mo.  
Long Beach 10, Cal.  
Los Angeles 13, Cal.  
Milwaukee 3, Wis.  
Minneapolis 15, Minn.  
New York 17, N. Y.  
Oakland 7, Cal.

Philadelphia 34, Pa.  
Sacramento 14, Cal.  
St. Louis 10, Mo.  
St. Paul, Minn.  
San Francisco 7, Cal.  
Seattle 1, Wash.  
Spokane 13, Wash.

GRINNELL COMPANY, INC.  
Providence 1, R. I.



*Exceptional  
Adaptability*

Measuring the dimensions and orientations of punched holes in radio tube micas, to tolerances of .0001", on a Jones & Lamson Optical Comparator. Photographs courtesy Hytron Radio & Electronics Corp.



This is a typical example of the adaptability of Jones & Lamson Optical Comparators to unusual inspection needs. These Comparators are designed to cover an almost unlimited range of inspection work—they provide a means of inspection that is accurate, rapid and economical. Costly gages can be dispensed with, costly time saved and quality improved.

Many components and products formerly inspected by slow, tedious methods that retarded production and drained profits, are now inspected in a matter of seconds or minutes on Jones & Lamson Comparators, with consequent savings all along the line.

Our engineers are inspection specialists, their knowledge of holding fixtures, handling methods and suitable Comparator equipment, qualify them to study your inspection problems, no matter how unusual, and make recommendations that will improve your profit picture. They have for others.

Write for descriptive literature.  
Or, better still, ask for one of our  
inspection engineers to call.



**JONES & LAMSON MACHINE COMPANY**  
4 Clinton St., Springfield, Vermont, U.S.A.



Manufacturer of: Universal Turret Lathes • Fay Automatic Lathes • Automatic Double-End Milling and Centering Machines • Automatic Thread Grinders • Optical Comparators • Automatic Opening Threading Dies and Chasers • Ground Thread Flat Rolling Dies

**Jones & Lamson**  
**OPTICAL COMPARATORS**

## PRODUCTION BRIEFS

**RECLAIMING USED FOUNDRY SAND** would save thousands. So the University of Kentucky has started a \$6,000 research program to find out how to do it.

**ALL-ALUMINUM CRANE**, built by Ontario's Provincial Engineering, Ltd., (1) weighs two-thirds less, (2) uses less power, (3) handles more easily than traveling steel cranes. Lifting capacity, 15 tons; span, 60 ft.

**EARTH'S ROTATION** isn't a perfect master time-piece, says U. S. Naval Observatory. It may vary more than a second in four years.

**METALS STRENGTH** can be upped five to 10 times, G.E. researchers think—if ways are found (1) to stop high-temperature boundary cracks, (2) to confine possible breaks to stronger grain structure.

**THREE NEW GLAZES** will make china stand up under abrasion, resist detergents better. Battelle Memorial Institute, Vitreous China Assn., and the Commerce Dept. had a hand in it. See Commerce Report PB 93892.

**MOND NICKEL CO.** (British affiliate of International Nickel) has a new, versatile nickelchrome alloy for jet aircraft turbines: Nimonic 80A.

**MAMMOTH FOUNDRY SHAKEOUT** will knock sand out of a 100-ton steel casting mold as fast as a housewife sifts flour. Hewitt-Robins, Passaic, N. J., will have it ready in January.

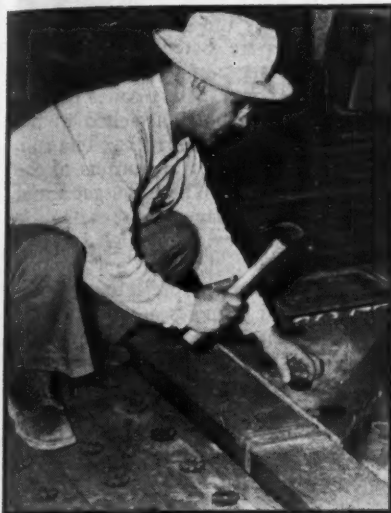
**HEATING AND VENTILATING** companies are readying new ideas and equipment for their annual show in Chicago, Jan. 24 to 28.

**GOODRICH** will make and sell plasticizers for vinyl and other synthetic resins. Next spring will see large-scale production.

**BIG COAL PRODUCERS** (over 1-million tons a year) are producing an ever smaller percentage of the total U. S. output. Their slice in 1942 was 62%; last year, 57%. Source: Keystone Coal Buyers Manual, a McGraw-Hill Publication.

**TEXACO's** Canadian manufacturer and distributor, McColl-Frontenac Oil Co., will double present capacity for lubricating oils and grease. Four new buildings at Toronto will boost annual output to over 12-million U. S. gal. of lubricating oil, 12-million lb. of grease.

## NEW PRODUCTS



### Toehold for Plaster

A device dreamed up by Buffalo architect R. M. James may get rid of much of the fuss that goes with plastering over concrete. Trouble is, the plaster won't stick directly. So you have to use a mechanical bond, which normally means resorting to metal laths or channels.

James' so-called Kif does away with these additional structures. Simply enough, it creates a mechanical bond by putting niches—which form a toehold for the plaster—into the concrete before it hardens.

Kifs are small elastic nobs made of rubbery plastic; they look like daisies and are about the same size. You nail or bolt them (about 6 in. apart) to the wooden forms used for poured concrete.

When the wooden forms are taken away, out pop the Kifs with them—leaving neat, undercut impressions in the concrete. The plaster coat flows into these niches. The Kif keys are manufactured by Key Forms, Inc., 65 Brantwood Rd., Buffalo 21, N. Y.

• Availability: immediate.

### Sheet Shifter

By adapting some of its standard control equipment, Askania Regulator Co. has turned out a device to line up the edge position of sheet or strip material. As the sheet moves over rollers, the regulator controls its placement within plus or minus 0.05 in.

The equipment uses a pressure regulator and a pair of air nozzles, mounted above and below the sheet. Air comes out of the lower nozzle and is picked up by the one on top. This upper nozzle is connected to the diaphragm of the pressure regulator. When the sheet passes

between the nozzles, it cuts off a certain amount of air; the air that gets through sets up an impulse that is transmitted to the diaphragm. When the sheet moves to the right or left, it cuts off more or less of the air flow, changing the impulse. These changes are translated into power in the diaphragm. The power, in turn drives a cylinder that shifts the sheet from side to side.

Askania, located at 240 E. Ontario St., Chicago 11, expects the device will work out on any process where you're doing coating or coiling, or where you use an endless belt conveyor.

• Availability: 90 days.

### Dustproof Controls

A dust-tight control center worked out by Square D Co. will take some of the load off maintenance men who keep motor control devices in shape.

Square D's housing is about the size of a gym locker and looks something like one. It is made up of independently sealed vertical sections, each with its own outer vault door. Inside are still other compartments, one above the other, also with separate doors. These house the individual control devices.

Seams on the metal housing are welded; all joints are fully gasketed to make a tight seal. Control devices that can be installed in the cabinet include circuit breakers, starters, transformers, and panelboards. Square D's address: 4041 N. Richards St., Milwaukee 12.

• Availability: three months.

### Auto Bather

The car-washing business has a new equipment candidate. The portable Kem-O-Flo is specifically designed for small service stations, car dealers, or fleets. A pressure tank supplies either wash solution or rinse water to a rotating hand brush. The tank (1) acts as a mixing chamber, and (2) steps up city water pressure.

The operator controls the flow of wash solution and rinse water with a set of valves built into the mixing manifold. Along with the tank and brush, you get 25 ft. of twin hose and connections. Tank sizes run 6 gal. and 2 gal. Takes about 8 min. to wash a car, says Kem-O-Flo Products Co., 8107 Military, Detroit 4.

• Availability: two to three weeks.

### Stack Rack

Latest idea off the design boards at Paltier Corp. is a system for stacking loaded wood pallets.

The way the company sees it, the

"VULCAN" TYPEWRITER  
RIBBONS ARE REALLY  
ECONOMICAL!

I KNOW!  
THEY'RE MADE BY  
ROYTYPE!

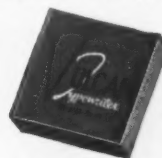
Your letters are given a finer, clearer appearance—with Vulcan typewriter ribbons.

That's because the Vulcan fabric is thinner, more sensitive—giving a truer impression of the type face!

This fabric is stronger, too—meaning greater endurance, longer service.

For appearance' sake—and for economy—supply your typists with Vulcan Ribbons!

Made by Roytype, division of Royal Typewriter Company, Inc.—world's largest manufacturer of typewriters.



THERE'S A ROYTYPE PRODUCT FOR  
EVERY BUSINESS MACHINE NEED!

# SAVE

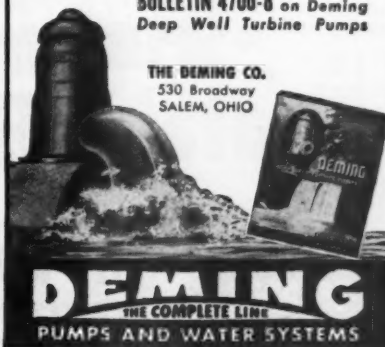
## UP TO 60%

## ON WATER

Deming Deep Well Turbine Pumps are saving their owners up to 60% on water costs compared with their former costs of city water at high rates. Your company owns its underground water supply. Why not USE it? The first step is to send for...

BULLETIN 4700-8 on Deming  
Deep Well Turbine Pumps

THE DEMING CO.  
530 Broadway  
SALEM, OHIO



**DEMING**  
THE COMPLETE LINE  
PUMPS AND WATER SYSTEMS



# ROSS

## HEAVY DUTY LIFT TRUCK



### CUTS HANDLING COSTS 50% for The Imperial Desk Company, Evansville, Indiana



All lumber used in the manufacture of Imperial's well-known quality office furniture is handled by a Ross Lift Truck. Over a period of two years, this machine has consistently moved and stacked this lumber at a saving of 50% of former cost!

Arriving at the plant via rail or truck, the packaged lumber is unloaded, stacked in the yard for air-drying then transported to the mill. These operations are accomplished by the Ross in a fraction of the time required by former handling methods.

**This is another of the many examples of what Ross Lift Trucks can do for you. Why not get all the facts about Ross?**



### THE ROSS CARRIER CO.

300 MILLER STREET, BENTON HARBOR, MICHIGAN, U.S.A.  
Direct Factory Branches and Distributors Throughout the World

Steel Alignment Cone Assembly makes uneven stacking impossible. Loads are kept in balance, and weight is transferred to the floor (or lift truck) through vertical supports instead of having all weight borne by the bottom pallet.

Steel cones are fastened with a lock nut on the four corners of the underside of each pallet. These cones fit into similar cups which are attached to the tops of four vertical supports. The supports are fastened to the corners of the pallets' upper side. Thus, you get a nest that the company says is tight enough to stop sways, yet flexible enough to allow easy removal of pallets.

The cones are adapted to any size pallet; vertical supports are supplied in three different diameters and in any length you need to handle your materials. The company address: 53 W. Jackson Blvd., Chicago 5.

• Availability: according to specifications.



### Color Schemer

If your engineering department has been having color problems, you may want to add one of Pratt & Lambert's Color Calibrators to their equipment. The device picks out what colors go together, makes up a color scheme so you can't go wrong.

Designed by Sterling McDonald, the Calibrator has a color wheel 22 in. in diameter, made up in segments of twelve basic colors. The surface of the wheel is also broken up into 98 different tints and tones of these twelve basic colors. Thus, you're able to match on the wheel any material that you've chosen as a starting point for your color plan.

In the center of the wheel, there is a pointer mechanism. This can be set so that you can instantly pick out as many as six colors, in varying values and tones, that are in complete harmony. For instance, if you've chosen one of the red family as your starting color, you can, by setting the pointer, pick out the true complement (green), the split comple-

# One Right...Two Guesses ...Three Wrong!

**The original copy** of this form was correct, as typed. So all six copies were distributed. But a "registration" error in design and printing, put the information in the *wrong spaces* on the other five copies. One department got it right—two were uncertain—and three got it wrong. The resulting errors and confusion made these *unmatched* forms very costly, as business records.

## **Entries, copies and sets always alike.**

Standard Register marginally punched continuous forms, used with the Registrator Platen on tabulators, typewriters and many other business machines, are guaranteed to *match in writing*. Registration is accurate, line for line, copy for copy, set for set—no matter whether 5,000, 50,000, 500,000, or *any number* of forms are written continuously. That means time, work and errors saved. It means accurate, dependable business records.



## **STANDARD FORMS MADE WITH FULL SCIENTIFIC CONTROL**

Standard's 36 years of "know how" have developed *exclusive* precision techniques. Standard forms start with a *fixed design which rigidly controls their production*. Special layout gauges fix all dimensions, with precise allowances for variations in metals and materials. Scientifically correct formulas control all paper stocks, carbon, mats and plates. Printing, punching and perforating is an

integral process. Throughout, each step is *checked back against the original fixed design and dimensions*. There are frequent inspections, with very close tolerances. This complicated and exact procedure involves millions of dollars worth of special machines and equipment developed and built for Standard's use. It takes all this to assure the precise and continuing accuracy which is possible only with Standard's marginally punched continuous forms and the Registrator Platen.



**Get the Facts.** Forms are dynamic business forces, intimately related to profits! Write today for a copy of "Q's and A's," which gives forms facts of vital importance to your business.



THE STANDARD REGISTER COMPANY, 711 CAMPBELL STREET, DAYTON 1, OHIO

Pacific Coast: Sunset McKee-Standard Register Sales Co., Oakland 6, California. Canada: R. L. Crain Limited, Ottawa. Great Britain: W. H. Smith & Son, Ltd., London.

## For Ideal Conditions in your PLANT



### PAINT FOR LIGHT!



### PAINT FOR COLOR!



Listen to the wheels hum . . . look at the smiling faces . . . see the improved quality of your product. Know what? You've had *your* plant re-conditioned from top to bottom with SHERWIN-WILLIAMS PAINT!

You used our versatile Save-Lite Whites for better light . . . this improved *see-ability* . . . made it easier for your people to turn out better jobs . . . kept them from complaining, wasting precious time! And *in addition* to this Paint for Light, you called in Sherwin-Williams Color Experts to advise on Paint for Color!

And do you know that with this ideal combination you actually have been saving money? We have a *great many actual case histories* that *prove* the value of the full Sherwin-Williams treatment! Write us today! The Sherwin-Williams Co., Industrial Division, Cleveland 1, Ohio. (Export Division, Newark, N. J.)



Products of **SHERWIN-WILLIAMS** Industrial Research  
Available at 385 **SHERWIN-WILLIAMS** Branches

ment (blue-green and yellow-green), the triad, the double complement, etc. The pointer is designed so that, no matter how you set it, you can't get discordant colors. The manufacturer's address: 75 Tonawanda St., Buffalo.

• Availability: immediate.



### Roller-Chain Pin Gripper

Accidents and wear spurred the development of a new roller-chain fastener at Atlas Chain & Mfg. Co. Company engineers say the design of the fastener makes it impossible for a worker's clothes to get caught on the chain. And because it keeps a tight groove-tension, there's less chance of its shearing—even when it's been hit by a direct or angled blow.

The fastener—a retaining ring—fits over the end of the pin that joins the chain lengths (picture, above). Three teeth on the ring snap into a groove cut around the diameter of the pin. The spacing between these teeth, plus the spring action in the connecting links, keeps the ring tightly in place in the groove. To disassemble the chain, pry off the rings with a screw driver.

Atlas is putting the fastener on all its nonriveted roller chain. The company address: Castor & Kensington Ave., Philadelphia 24.

• Availability: immediate.

### Overhead Furnace

If you want to use oil heat, and haven't much space to spare, why not stick the furnace on the ceiling? That's the point raised by Gilbert & Barker Mfg. Co. It makes an oil-fired furnace that heats from up under the rafters.

The unit is suspended from the ceiling on four steel eye-bolt hangers. A blower draws air in past two filters, forces it through the heating unit; a fan pushes the warm air into the room.

The furnace comes completely as-





# Here is a new kind of **AIR CONDITIONING**

## Revolutionary **UNITRANE** System Changes Entire Concept of Air Conditioning in Multi-room Buildings

**OUT OF THE TRANE LABORATORIES COMES UNITRANE**—A revolutionary development in true air conditioning. It performs functions hitherto thought impossible in systems of its kind.

It is a "unit" system—each room has its own compact, inconspicuous, under-the-window unit.

**MOISTURE CONTROL**—These room units automatically regulate *moisture* as well as *temperature*. They correct that clammy feeling that results from reducing temperature without a corresponding adjustment in moisture content of room air.

Each tenant selects his own temperature the year around. Each room has its own thermostat. Each unit is under automatic control.

**NO DUCTS**—Each room is independent of all other rooms. There is no mixing of air, odors, germs, or noise through ductwork. *This new system uses no ducts.*

Each unit supplies its own air for ventilation purposes. *All air is filtered at all times.*

**UNITRANE ECONOMY**—UniTrane under-the-window units use practically no valuable room space. They contain no complicated parts; require only a simple piping circuit—similar to the piping used on a hot water heating system.

UniTrane not only brings all these features to multi-room buildings for the first time—it is a system that also cuts costs and greatly simplifies system design. Elimination of ducts means huge savings in installation costs. Interior alterations which change the room load are easily compensated for; system easily extended to include new wings or new floors.

Especially applicable to offices, hotels, hospitals, and apartments, UniTrane air conditioning may be used to advantage in any building where efficient temperature and moisture control of a multiplicity of comparatively small spaces is desired.

**READ "MERELY A MATTER OF AIR"**—A special booklet has been prepared for the owners, operators, managers, and others connected with multi-room buildings. It tells the evolution of multi-room air conditioning. Informal, non-technical, it is an extremely interesting booklet. A request on your letterhead will bring you a copy of "Merely a Matter of Air" with our compliments.

*"Merely a Matter of Air" tells the whole story.*

**SEND FOR THIS INTERESTING BOOK**



# TRANE

MANUFACTURING ENGINEERS OF  
**HEATING and AIR CONDITIONING SYSTEMS**

THE TRANE COMPANY, LA CROSSE, WISCONSIN • Also TRANE COMPANY OF CANADA, LTD., TORONTO, ONTARIO



## IT ALL BEGAN WITH THE FIRST MATE'S NOSE

BACK around the turn of the century, the first mate had one rather odd job. He toured the deck at intervals, sniffing at pipes leading down to the holds. That's how fires were detected. ¶ We put the first mate's nose out of a job in 1919.

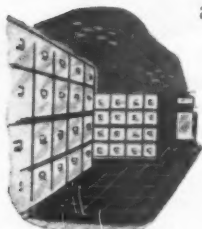
That was when we got our start in the fire-protec-

tion business with the first *Kidde*\* smoke detection

installation. Now, the officer in the wheel-house could see the smoke in a glass-paneled cabinet. A little later, we added electric eyes that rang a bell when smoke was spotted. ¶ Of course,

shipboard is not the only place where fires can smolder unseen. So we adapted smoke detection to other uses. Today, there are *Kidde* smoke detectors in the cargo and baggage compartments of air-

planes — in radio stations — in fur vaults holding millions of dollars' worth of goods. ¶ Smoke detection can do a job for you, by spotting the first smoldering start of a fire in your record vaults — before valuable documents burst into flames. Add a *Kidde* system for putting the fire out with non-damaging carbon dioxide (CO<sub>2</sub>) and your papers will have the protection they deserve.



Walter Kidde & Company, Inc.  
1126 Main Street, Belleville 9, N. J.

# Kidde

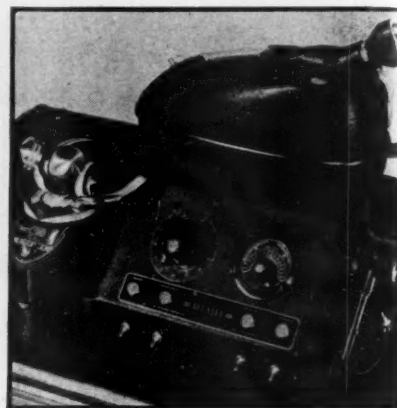
The words "Kidde" and "Rich" and the Kidde seal are



trade-marks of Walter Kidde & Company, Inc.

sembled and wired. You just mount it on the ceiling, hook up the oil piping and thermostat wires, connect the flue outlet to the chimney. It weighs 480 lb., measures about 6 ft. by 2 ft. Present model has 100,000 B.t.u. capacity; larger models will come along in a few months. Gilbert & Barker are in West Springfield, Mass.

• Availability: three to four weeks.



### Wear Recorder

Taber Instrument Corp. has a new entry for its line of special equipment. Model 100-109 Abraser Testing Set tells you how much resistance to wear you can expect from various surface materials. Its range covers organic coatings, natural and synthetic leather, textile fabrics, electroplate and die finishes. Two abrasive wheels create wear on the material under test.

Among the innovations on the new model: (1) a variable-speed suction mechanism that collects the dust that forms on the specimen during "wear"; (2) an adjustable timer that automatically shuts down the machine after a specified testing cycle; (3) a dual control to link two testers together so that you check specimens simultaneously under the same conditions. The company address: 111 Goundry St., N. Tonawanda, N. Y.

• Availability: two to three weeks.

### P. S.

Electric space-heater is also a hotplate. When you want to cook, you just switch off the fan and unhook a deflector. C. M. Isetts Industries, 14344 E. Jefferson Ave., Detroit makes the unit.

New synthetic resin for enamels is in production at American Cyanamid Co. Company chemists say it is fast drying, tough, a good color retainer. It's called Cycopol.

All-aluminum conveyor is manufactured by Mercury Conveyors, Inc., Hillsdale, N. J. It's designed for the food, dairy, and chemical fields, or other spots where corrosion is a problem.

## READERS REPORT:

### Out on a Limb

Sirs:

You have lots of company out on that limb!

DANIEL E. McGRATH

U. S. DEPT. OF JUSTICE,  
ANCON, CANAL ZONE

Sirs:

I have read your magazine for many years, and honestly believe that it is the finest of its kind in the country. I have relied on your business articles, and shall continue to do so, since I believe that when it comes to business you are very sound.

However, please confine your activities to business, and not to politics, if you wish to maintain your very fine reputation.

IRVING I. ACKERMAN

PRESIDENT,  
BROWN & ACKERMAN, INC.,  
NEW YORK, N. Y.

Sirs:

I was fooled, too. We all probably listened too much to the expert "Poll" takers. Elections do not always turn out as figured.

W. E. DUVAL

M. W. DUVAL & SONS,  
CHERAW, S. C.

Sirs:

We noted with interest your readers' objections to your publication's attitude of taking for granted Governor Dewey's presidential opportunities months ahead.

Apparently the United States voters expressed similar views.

In Canada we expected President Truman to have an excellent opportunity, and our telegram complimenting him on re-election was filed at 10 a.m. November 1st.

Dewey made a fine try, and deserves praise.

ALEX JOHNSON

PRESIDENT,  
VANCOUVER SALES & APPRAISALS LTD.,  
VANCOUVER, B. C.  
CANADA

Sirs:

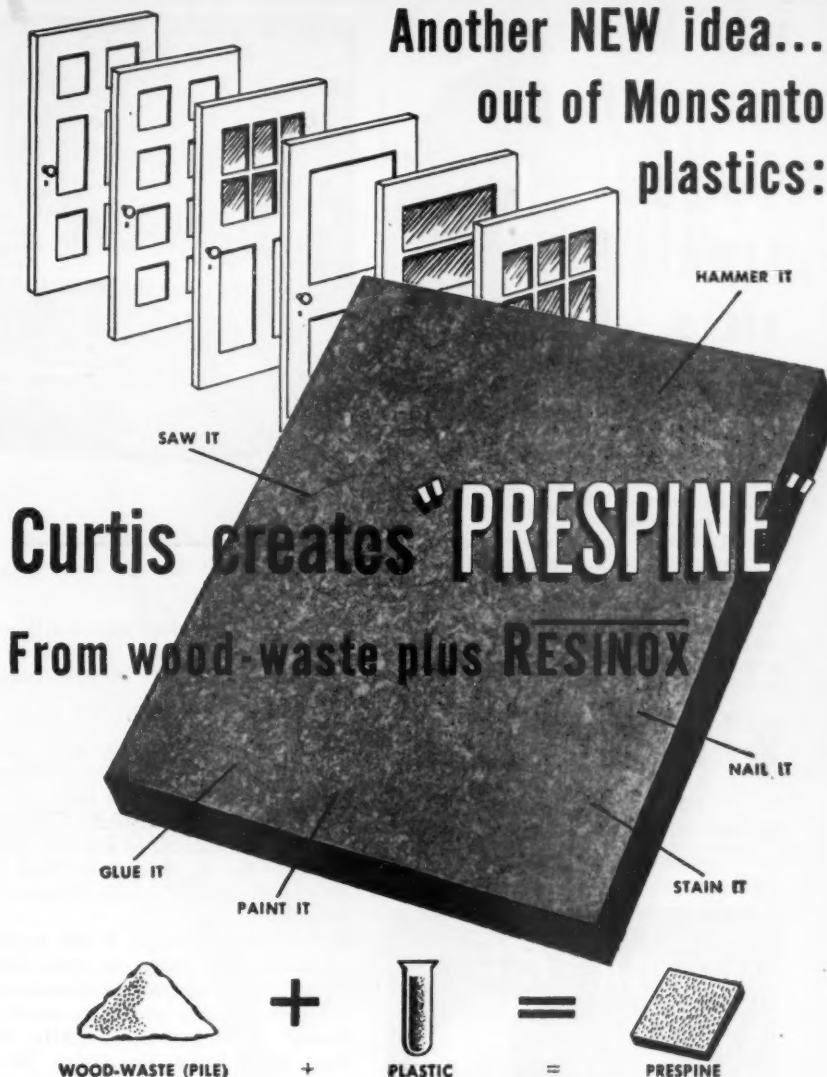
How could ALL the Analytical and Trend magazines and the pollsters be so wrong?

Seems that they were all talking when they should have been listening and that they must have overlooked polling the people.

Since that seems to be the obvious answer, it would be interesting to learn just whom or what was polled.

If you ever find out, please publish your findings as, to say the least, many,

Another NEW idea...  
out of Monsanto  
plastics:



Once again the building world sits up and takes notice of a Monsanto Plastic in action!

This time it's in Prespine\*... a creation by Curtis, famous for fine woodwork since 1866. Curtis engineers found a way to combine selected wood-waste with Monsanto's Resinox phenol-formaldehyde plastic in powder form. Out of this unique combination came Prespine, sturdy, practical, controlled wood product, now used in many products of the Curtis line.

Just how good a job Curtis engineers did in making something valuable out of nothing and Resinox is demonstrated by these words from Curtis: "No wood prod-

uct has received more grueling tests than Prespine. It's been boiled and frozen... subjected to heavy impact... exposed to weather for months... it won't mar or scratch readily... won't splinter or chip at edges... it has superior bending strength... resists warping, shrinking, swelling."

Curtis used Resinox plus sawdust. You can use plastics plus imagination to create new products and economize on old ones. If you want to learn more about Monsanto's 12 basic plastics and how they might help you develop a new idea for your business, send in the coupon below.

Resinox: Reg. U. S. Pat. Off. (Monsanto Chemical Co.)  
\*Reg. U. S. Pat. Off. (Curtis Companies)



MONSANTO CHEMICAL COMPANY, Plastics Div.  
Dept. WBP12, Springfield 2, Mass.  
Please send me your 20-page illustrated catalog  
"What Monsanto Plastics Can Do For You."

Name \_\_\_\_\_ Title \_\_\_\_\_  
Company \_\_\_\_\_  
Address \_\_\_\_\_  
City \_\_\_\_\_ State \_\_\_\_\_

SERVING INDUSTRY . . . WHICH SERVES MANKIND



## YOU'LL LIKE THIS CHAIR

You'll like its comfort, its appearance, the service it gives.

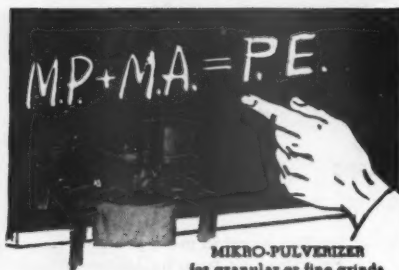
Best of all you'll like the way you can adjust it to your own needs. The seat and back of Harter's executive posture chair are fully adjustable. Soft foam rubber cushions on seat, back, and arms. Goodall Gros Point mohair fabric upholstery comes in many rich deep-tone or pastel shades. Try this fine posture chair at your Harter dealer's. Write for booklet below.



MODEL 66

**HARTER**  
STURGIS, MICHIGAN  
POSTURE CHAIRS • STEEL CHAIRS

FREE BOOKLET "Posture Seating Makes Sense" tells you all about Harter's complete line of posture chairs. Write for free copy. Harter Corporation, 211 Prairie Ave., Sturgis, Mich.



MIKRO-PULVERIZER  
for granular or fine grinds

The above equation has a dollars-and-cents bearing on your production problems. It means that MIKRO-PULVERIZERS, plus MIKRO-ATOMIZERS equal Processing Efficiency.

It is the basis of the MIKRO—Plan for Processing Efficiency perfected through over 55,000 laboratory tests checked against field performance over 25 years. It has enabled many manufacturers to improve quality, increase quantity, decrease power consumption and eliminate such cost and time-consuming items as screening, classifying, duct work, etc.

It will cost you nothing to find out what the MIKRO-Plan can do for you. Write for your copy of our Confidential Test Grinding Data Sheet.



MIKRO-ATOMIZER  
for ultra-fine grinds

**PULVERIZING MACHINERY COMPANY**  
37 Chatham Road, Summit, N. J.

**MIKRO-PULVERIZER**  
**MIKRO-ATOMIZER**  
Also Makers of the MIKRO-COLLECTOR



McCarty's car

many people are more than a little curious.

M. R. WOLCOTT

DETROIT, MICH.

• BUSINESS WEEK readers have already seen an analysis [BW—Nov. 13 '48, p25] of the reasons behind the failure of the pollsters to gage President Truman's strength. An analysis of our own failure to realize the depth of New Deal feeling in this country would interest only ourselves.

Until election night it was BUSINESS WEEK's honest judgment that Dewey was as good as elected. That meant that what businessmen needed to know was Dewey's views and plans. (After three years, they knew Truman's.) It was BUSINESS WEEK's job to dig out that information.

Today, businessmen need to know what the new Truman, the Truman with a mandate, intends to do and can do. BUSINESS WEEK is addressing itself to the job of finding out.

### Pullman Production

Sirs:

In the "Business Briefs" (BW—Oct. 30 '48, p28) there is a misstatement of our company's freight car production record, in the comparison of 1948 with 1947.

The 21,464 freight cars delivered by Pullman-Standard in the first nine months of 1948 exceeded, by 5,023 cars, our company's total output of such cars for all of 1947.

The 5,023 car figure thus represents the increase in nine months' output this year, over the full year 1947, and not the 1947 production as stated in the news item.

In the first nine months of 1947, our shipments totaled 10,773 domestic

freight cars, and for the full year 1947 the output was 16,441 cars.

Yours very truly,

A. L. BERRY

PULLMAN-STANDARD CAR MFG. CO.,  
CHICAGO, ILL.

### One for Truman

Sirs:

J. Daniel McCarty is one of the few industrialists who supported President Truman as far back as April. He is shown here [above] with one of the cars in which he toured the country in support of the candidacy of President Truman. Mr. McCarty is general manager of Av-Equip Mfg. Co., Tonawanda, N. Y. The slogan painted on the side of the car is his own.

ROBERT ABBEY

ABBEE & CO.,  
BUFFALO, N. Y.

### Fresno

Sirs:

We are very much impressed with the story on Fresno [BW—Oct. 16 '48, p38]. Of course, we are delighted with the attention given to our community.

There is one error in the story caused, we believe, by transposition. It reads, "[the raisin] prices up to \$132 a ton." This should have been \$321 a ton.

M. P. LOHSE

EXECUTIVE VICE-PRESIDENT,  
FRESNO COUNTY CHAMBER OF COMMERCE,  
FRESNO, CALIF.

### Old Employee

Sirs:

I noticed over the heading, "You Must Bargain on Pensions" [BW—Oct. 2 '48, p94] a very interesting photograph

of one of our wartime employees. Our sentiment is always revived when we see this particular picture.

Mr. Egbert Jones was one of our finest machinists during the three years of the last war. He was 74 when hired and had been at one time master mechanic for several railroads. We found that men of his age were very capable and possessed knowledge well in excess of the wage they were paid . . .

R. G. MAHER

TYCOON TACKLE, INC.,  
MIAMI, FLA.

### Safety Can Be Sold

Sirs:

Your article on industrial safety [BW—Sep.25'48,p102] is an interesting and pertinent one.

Safety can be sold. We know. We have tried it and made it work.

We are a small concern, only a little over 100, but we have completed our 17th consecutive month without a single lost-time accident. We had one lost-time accident in 1946; we had one in April, 1947. We haven't had any since.

H. B. GRAY

VITREOUS STEEL PRODUCTS CO.,  
NAPPANEE, IND.

### Meet the Press

Sirs:

"How to Meet the Press" [BW—Oct.30'48,p31] certainly should have had a postscript something like this:

Be equally alert, also, for news angles on all possible subjects and happenings other than those pertaining strictly to your own cause. Report at all times anything which you regard as newsworthy if you would avoid being tabbed simply as "Mr. New York Central" when you show up at the editor's desk.

GEORGE L. SCHLOSSER

THE DEVILBISS CO.,  
TOLEDO, OHIO

### Bull Shoal Conveyors

Sirs:

Your article concerning the transport conveyor for Bull Shoals Dam [BW—Oct.16'48,p24] is interesting but somewhat in error.

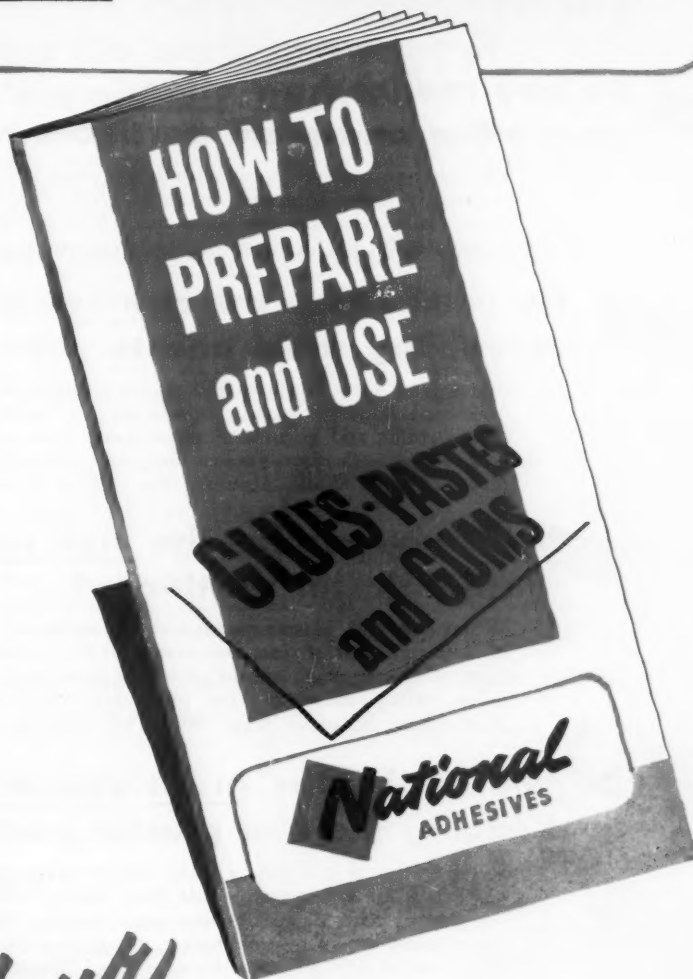
The Hewitt-Robins, Inc., did not "design the conveyor nor did they build all the machinery." They merely furnished the troughing and return idler assemblies, i.e., the belt carriers. The drive machinery, motors and structural frame, was constructed by our forces. The design of the conveyor was done by our engineering department with valuable assistance from the Goodyear Rubber Co., Belting Sales Division.

H. H. ROBERTS

FLIPPIN MATERIALS CO.,  
MOUNTAIN HOME, ARK.

BUSINESS WEEK • Nov. 20, 1948

# NEW FREE HANDBOOK



*Your Copy is Ready*

ADDRESS: 270 Madison Avenue,  
NEW YORK 16; 3641 So. Washtenaw  
Ave., CHICAGO 32; 735 Battery  
Street, SAN FRANCISCO 11; and  
other principal cities. IN CANADA:  
Meredith, Simmons & Co., Ltd.,  
Toronto. IN ENGLAND: National  
Adhesives, Ltd., Slough.

EVERY TYPE OF ADHESIVE FOR EVERY INDUSTRIAL USE

# Do You Know The Many Efficiency Facts

# About

## 1 Do you realize how often your office and plant partitions require moving?

The average business moves partitions once every four years. Fast growing businesses frequently make complete changes of all office and plant partitions in less than two years. Companies that use Hauserman *Movable Steel Walls* make these changes quickly, economically and with minimum disruption of routine.

## 2 Do you realize the number of ways easy movability could add to your operating efficiency?

Better work-flow in offices and plants resulting from even a small partition change pays dividends. Subdividing for privacy permits better concentration. Establishment of aisles speeds traffic and eliminates unnecessary interruptions. Quiet rooms can be located in noisy areas. Such rearrangements can be made quickly and economically with Hauserman *Movable Steel Walls*. Moving cost is soon repaid.

## 3 Do you realize the high cost of changing tile and plaster partitions?

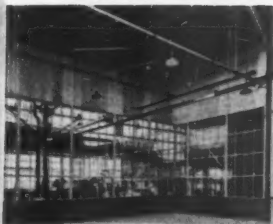
When tile and plaster partitions are relocated, they become a total loss. Thousands of dollars worth of time and materials are hauled to the dump. Replacement with this type of construction means new tile, two coats of new plaster, two or three coats of paint, fitting of wood trim, plus expensive rubbish removal and clean-up. When Hauserman *Movable Steel Walls* are changed, all units are completely reused.

## 4 Do you realize the great amount of time wasted in changing tile and plaster partitions?

It takes over five times as many hours to change tile and plaster partitions as it does to change Hauserman *Movable Steel Walls*. This does not include the waiting periods for several coats of plaster and paint to dry. The losses of productive time because of annoyances to personnel during these partition moves more than offset any higher first cost of Hauserman *Movable Steel Walls*.

## 5 Do you realize the many damage factors resulting from changing tile and plaster partitions?

Dust and grit fill the air when tile and plaster walls are being torn down and erected. This results in costly damage to office machines, carpets, draperies, furniture, fixtures and inconvenience to personnel. Hauserman *Movable Steel Walls* arrive at your building ready-to-install.



Industrial Partitions



Executive Office Partitions



Hospital Partitions



Laboratory Partitions



# HAUSERMAN <sup>MOVABLE</sup> STEEL WALLS?

## 6 Do you realize the continuing costs of maintaining tile and plaster walls?

Plaster walls chip and crack. They're a source of never-ending maintenance expenditures. Wood trim is also subject to cracking, warping and shrinking. Hauserman *Movable Steel Walls* with their baked-on finish won't chip, crack or warp. They last a lifetime with ordinary washing.

## 7 Do you realize the remarkable beauty possible with Hauserman Movable Steel Walls?

Hauserman *Movable Steel Walls* are providing distinctive, comfortable and esthetically pleasing office and plant environments all over America. Hauserman *Movable Steel Walls* are good-looking, permanent and strong and are available in over 60 rich, beautiful color combinations and authentic wood grain reproductions.

## 8 Do you realize the sound control possible with Hauserman Movable Steel Walls?

Hauserman *Movable Steel Walls* reduce noise two ways. Being more soundproof than tile and plaster construction they keep out more outside noise. Consequently, there is less echoing within. Special Hauserman Acoustiwalls are available for unusually noisy conditions such as business machine rooms.



### THIS CATALOG WILL HELP YOU PLAN

You will find in Hauserman Catalog 49 partition types to meet your exact requirements. Hauserman *Movable Steel Walls* are made in many types which differ in thickness, appearance and function. Write today for this free Catalog which describes and details the complete Hauserman line.

### SPECIALISTS IN SERVICE

From start to finish of a job we relieve the architect, general contractor and owner of work and responsibilities concerning partitions. Our engineers consult with architects and owner during preliminary planning to pass on the benefits of our nation-wide experience. We measure the building interior to assure correct dimensions. Our layouts and shop drawings coordinate the partitions with other work to be done in the building. We supply the partitions complete with all accessories. Our experienced erection crews install them and are always on call for alterations and additions.

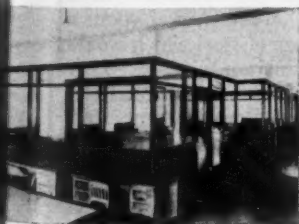
### THE E. F. HAUSERMAN COMPANY

6839 Grant Avenue • • Cleveland, Ohio

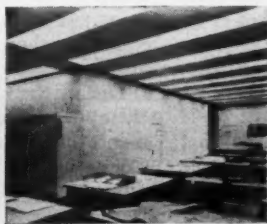
Branch Offices in Principal Cities • • See Phone Book



The Quick, Clean Hauserman Way



General Office Partitions



Engineering Room Partitions

# HAUSERMAN

MOVABLE STEEL WALLS

You can put more  
**SELL**  
in your  
Business Letters

Read these  
Free Booklets



#### WHO WROTE THEM?

Dr. Robert R. Aurner, for 18 years ranking professor of business administration at the University of Wisconsin; author of *Effective Business Correspondence*; president of American Business Writing Association, 1940; now director of Better Letters Division of Fox River Paper Corporation (maker of fine papers since 1883).



#### WHAT ARE THEY?

These free booklets spotlight the tremendous importance of letters in business success. Also help you snare the attention of your reader in such a simple way that he continues . . . understands . . . and acts — because you have been able to project your personal power courteously, persuasively, and convincingly.

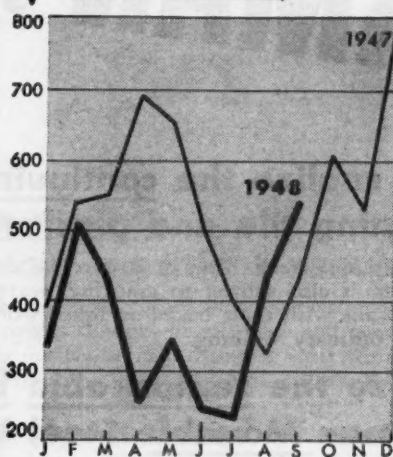
Mail must meet four tests to be **MONEY-MAKING MAIL**. Put more pay in what you say — get free booklets now. Please use your business letterhead. **FOX RIVER PAPER CORPORATION**, 1314 Appleton Street, Appleton, Wisconsin.  
*Better Letters Division*



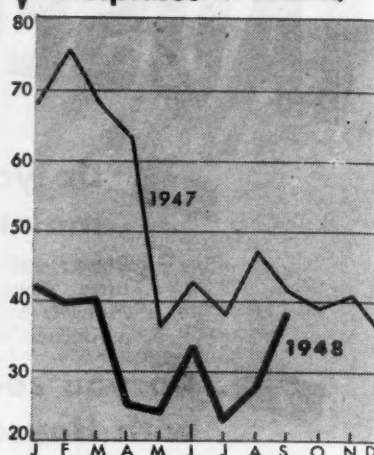
Cotton Fiber  
BOND,  
ONION SKIN,  
LEDGER, watermarked "by FOX RIVER"

# MARKETING

↓ **Irons** (in thousands)

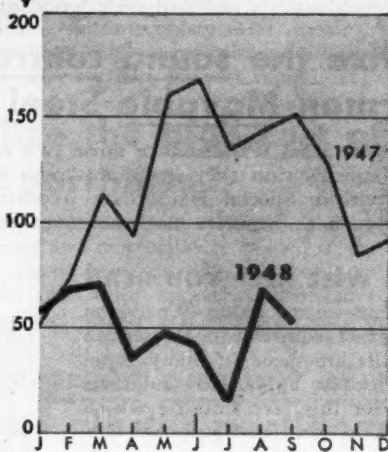


↓ **Hotplates** (in thousands)

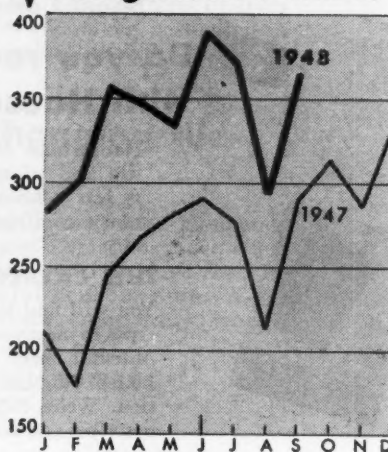


Iron and hotplate shipments are off from 1947 (24% and 38% respectively) . . .

↓ **Coffee Makers** (in thousands)



↓ **Refrigerators** (in thousands)



So are coffee makers (56%). But refrigerators just keep rolling along (up 34%)

Data: National Electrical Manufacturers Assn.

© BUSINESS WEEK

## Appliance Sales Seesaw

Big items are still in the postwar boom period, selling just as strong as ever. But some of the smaller items are off this year over last, and unknown brands are suffering.

Since the war's end, appliance makers have had things pretty much their own way. But last week they could see that, in some areas, the buyer's market is on the way back. The signs were clear in the data on monthly appliance shipments issued by National Electric Manufacturers Assn.

• **Big vs. Small**—The figures showed that shipments of the big appliances were forging ahead stronger than ever—but

there was a definite softening in the market for small items. (One thing that could prevent the big appliances from being hit by a buyer's market soon: a continued shortage of steel which would hold down production.)

During the first nine months of 1948, there were these drops in unit shipments over the same period in 1947: Coffee makers were off 57%; hotplates dipped 38%; heating pads fell 33%;

# BLITZ BUGGY

FOR AMERICA'S UNDERGROUND ARMY



**The old-time mine mule** has long been turned out to pasture—and you're looking at a reason why. This low-slung monster is a mine shuttle car or "buggy," as the miners call it. Electric powered, with explosion-proof motors, it trundles 7-ton loads of coal from the mine working face to the underground railroad. A shuttle car like this costs \$11,600 at today's prices!

Expensive machinery like this is just part of the program of progressive mining in which coal never feels the bite of a man-powered shovel. It is designed to cut down manual labor for the coal miner, while increasing his output. Today, more than 91% of all bituminous coal mined underground is mechanically cut . . . about 60% is mechanically loaded . . . only about 4% is mined by pick and shovel.

Modern mine management has made great strides in improving working conditions for the miner—both above and belowground. For example, America's coal mines are now twice as safe as they were 40 years ago on the basis of man-hours worked—and more than four times safer on the basis of tons mined.

Thanks to huge investments in mechanized equipment, and to skilled management and keen competition within the bituminous coal industry, America's coal mines are now the most productive on earth—and pay their miners higher wages than are paid by any other major industry.

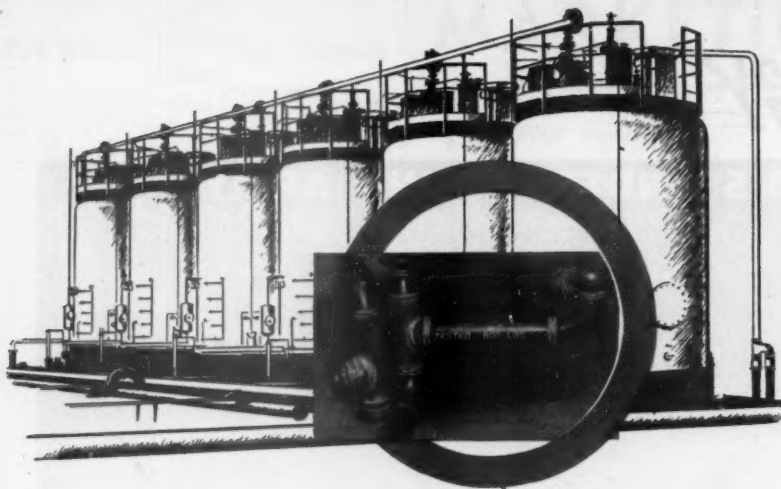
## BITUMINOUS COAL

BITUMINOUS COAL INSTITUTE

A DEPARTMENT OF NATIONAL COAL ASSOCIATION  
WASHINGTON, D. C.

BITUMINOUS COAL . . . LIGHTS THE WAY . . . FUELS THE FIRES . . . POWERS THE PROGRESS OF AMERICA





## SALT IS GOOD ON TOMATOES — BUT NOT IN CRUDE OIL

"Salts in crude oil are an annoying headache to refiners. They cause frequent shut-downs because of salt plugging, corrosion from evolved HCl, and the deposition of hard coke. The Petreco Electric Desalting Process, developed by the Petroleum Rectifying Company, effectively eliminates the salt, with a corresponding reduction in the refining problems it causes. The Petreco Process is widely used by refiners throughout the United States, Canada, and South America.

"The Petroleum Rectifying Company has found that Bonney WeldOlets\* and ThredOlets\* insure strong, leak-proof pipe connections and are very effective wherever 90 degree branch connections are needed, regardless of the pipe size. Not only do WeldOlets\* give the "balanced flow" which is vitally important in their multiple unit operation, but they also speed up layout, save welding time."

ThredOlets\* make a stronger connection

### YOU GET 7 IMPORTANT ADVANTAGES WITH WELD OLETS\* . . .

1. Full pipe strength
2. Ease of installation (no forming, fitting, aligning, beveling)
3. Ease of inspection (icicles, weld metal and flash easily seen—easily removed)
4. Improved flow conditions
5. Uniform appearance
6. Reduced weight and space
7. Highest quality installation at minimum cost



Eliminates costly pipe threading, provides full strength at joint and full flow

than couplings, and the use of both WeldOlets\* and ThredOlets\* gives them savings of 25% and more.

WeldOlet Fittings can be welded to pipes wherever outlets are required, eliminating costly pipe threading, reducing new construction and maintenance costs. They are safe, efficient, quickly installed.

Write today for our handbook. It may suggest ways in which WeldOlet Fittings can cut your labor costs. There is a distributor in every principal city.

**BONNEY FORGE & TOOL WORKS**  
Forged Fittings Division • 368 Green Street  
ALLENTOWN, PENNA.  
MANUFACTURERS OF FAMOUS BONNEY TOOLS

# WELD OLETS

\*TRADE MARK REG. U.S. PAT. OFF.

PAT. IN U.S. & FOREIGN COUNTRIES

### FOR WELDED BRANCH PIPE OUTLETS

When you want Bonney Welding Outlets, ask for WeldOlets\*

heaters (convectors and radiant) were down 26%; irons dropped 25%; AM radios fell 21%.

• **Television Leads**—In contrast, the big boys did better than ever. Television, as might be expected, led the pack with a breath-taking 381% gain in shipments over last year. Waffle irons ran second with a gain of 70%; FM radios pushed ahead 55%; electric ranges increased 39%; refrigerators 35%; washing machines 27%. (One factor to remember here is this: new home building means a sure market for large appliances; home building in 1948 has been at a very high level.)

But three of the larger appliances also got clipped: Shipments of ironers and water heaters were down 10% and 7%, respectively; vacuum cleaner shipments dropped 6%.

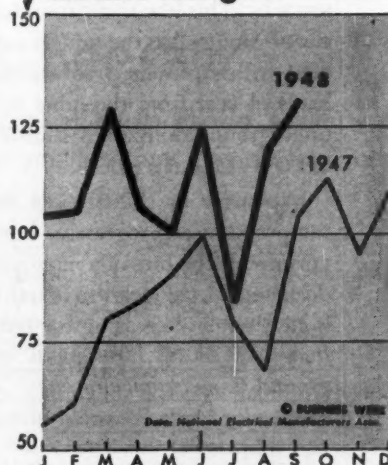
• **Optimism**—These declines don't worry the appliance makers seriously. They still expect that total appliance sales this year will top all previous records.

Some sanguine manufacturers feel that appliance sales will continue at a high level, even after the thirst created by the wartime drought is quenched. But they expect certain trends—some already visible—in the stabilization. One is a shift away from unbranded and unknown merchandise. Already, they say, consumers are shopping around to find exactly the model they want, instead of any model.

• **Good and Bad**—At the retail level, things have tightened up lately—although sales in general are still good. In many sections of the country, sales have dipped, but in others, dealers report that they can't get enough merchandise to fill their orders.

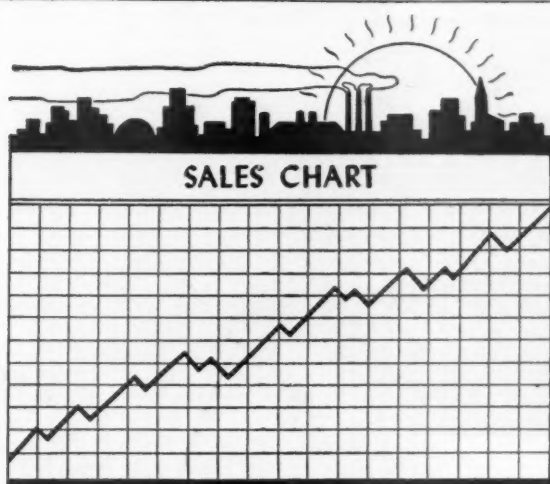
Refrigerators, for example, are no longer in short supply in New York City and Philadelphia, except in the small, less expensive sizes. The need in the

### Electric Ranges (in thousands)



WAY OUT IN FRONT of 1947, electric ranges racked up a 39% gain for nine months

When The Sun  
Goes DOWN  
Their Sales  
Go UP!



EVERY YEAR SALES AMOUNTING TO MILLIONS AND MILLIONS OF DOLLARS ORIGINATE IN THE HOMES OF CHICAGO'S MOST IMPORTANT MILLION—THE READER FRIENDS OF THE  
**CHICAGO DAILY NEWS**

★ ★ ★

The buying power and responsiveness of the Daily News reader group have become accepted facts among advertisers experienced in selling the Chicago market.

Rightly—being unwilling to reject the teaching of experience—these advertisers rate the Daily News reader group as Chicago's most IMPORTANT million consumers of goods and services.

Rightly, too, they value the advantage of reaching such a great, concentrated source of spendable dollars through the medium of a single newspaper.

Rightly, they realize the sales productivity of the Daily News as a HOME newspaper—read leisurely in the HOME—read more enjoyably in the HOME—read more thoroughly in the HOME.

Rightly, they know the Daily News audience becomes alertly buying minded at night, as they shop the advertising columns of their favorite home newspaper.

Yes, sir, here's the way it is for Chicago Daily News advertisers:

WHEN THE SUN GOES DOWN

THEIR SALES GO UP!

# CHICAGO DAILY NEWS

For 72 Years Chicago's HOME Newspaper

JOHN S. KNIGHT, Publisher

DAILY NEWS PLAZA: 400 West Madison Street, CHICAGO

NEW YORK OFFICE: 9 Rockefeller Plaza

LOS ANGELES OFFICE: Story, Brooks & Finley, Inc.  
624 Guaranty Building

DETROIT OFFICE: Free Press Building

MIAMI OFFICE: Herald Building, Miami, Florida

Write for this  
Catalog **TODAY**  
on the new

## Multi-Outlet Wired Strip

that gives you a  
**S-P-R-E-A-D**

of electrical outlets.

You'll find in this booklet:

1. How easily PLUG-IN STRIP is installed.
2. How PLUG-IN STRIP fits into architectural design.
3. A complete illustrated catalog-chart of all the parts and fittings required for any job.
4. Instructions on the use of LOPO-TRIM—the metal quarter-round for housing telephone and other low-potential wiring.

PLUG-IN STRIP and LOPO-TRIM are listed by Underwriters' Laboratories, Inc.

Sold through leading Electrical Wholesalers

### USE PLUG-IN STRIP and LOPO-TRIM for:

- |                     |                             |                      |
|---------------------|-----------------------------|----------------------|
| ★ Offices           | ★ Laboratories              | ★ Repair Departments |
| ★ Reception Lobbies | ★ Assembly Benches          | ★ Soda Fountains     |
| ★ Accounting Depts. | ★ Windows                   | ★ Displays           |
| ★ Drafting Rooms    | ★ Electrical Testing Depts. | ★ Show Cases         |

Everything in wiring points to NE

**National Electric**

PITTSBURGH, PA.

National Electric Products Corporation  
1310 Chamber of Commerce Building  
Pittsburgh 19, Pa.

Please send me your new PLUG-IN STRIP Catalog No. CF-2

Name.....

Address.....



## PLUG-IN STRIP



New York market, according to one retailer, is for large boxes without the deluxe features; the general public is no longer willing to pay the high prices on the fancy boxes. But in Houston, Texas, refrigerators are reported to be a black market item.

In Atlanta, dealers say that October appliance sales ranged anywhere from "well below" last October to "about even." One dealer even called this month "the worst October in the past 16 years."

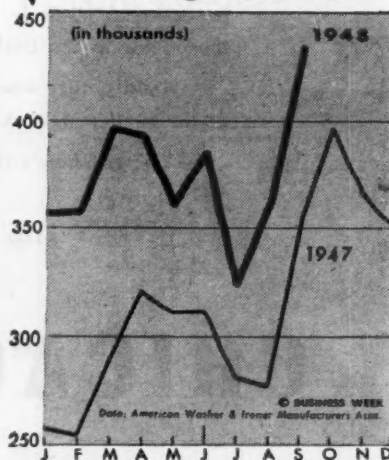
• **Back to Selling**—Manufacturers still protest that they have big order backlogs. But retailers generally agree that they have got to start selling again. "From now on," said one appliance merchant in Syracuse, N. Y., "if there's no promotion, there's no business." There are plenty of sales left to be made, the trade thinks, but it will require sharpening of sales techniques to make them.

Despite manufacturers' glowing shipment figures for the first nine months, October and November haven't been good to the retailers. Some new dealers, unaccustomed to having a dozen big-ticket items that won't move readily, have offered their stocks to buyers at 25% off list price. This means the seller is realizing only about 10% to 15% above cost. Some unfranchised dealers are picking them up, reselling them in areas where demand is still strong.

• **Dealers' Gripes**—Franchised appliance dealers have some other gripes that are getting louder as the bloom fades from the sellers' market. One of these is the lumber or building-supply dealer who sells major appliances. Almost 42% of all such U. S. dealers now handle some household appliances, according to a survey made by Building Supply News.

More than half of these carry major

### Washing Machines



WASHERS are still sharing in the appliance prosperity. Their nine-month gain: 27%

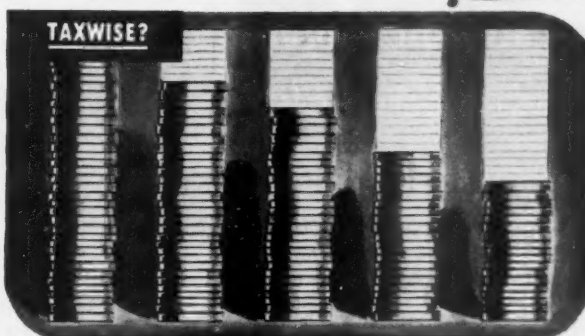


# What does New York State mean to you?



AS A MARKET

1. Yes, New York State is the world's greatest, wealthiest market. If you're relocating or planning branch plants you should know her annual per capita income payment is ( ) 16%, ( ) 26%, ( ) 36% above the national average.



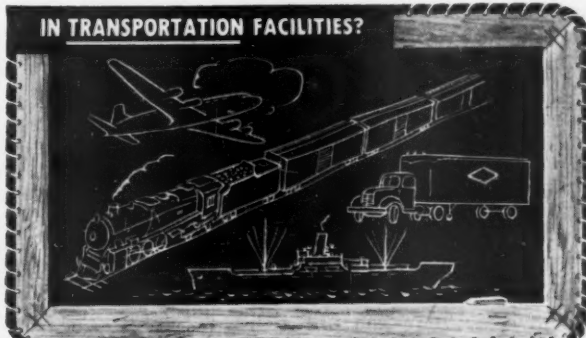
TAXWISE?

2. N. Y. State's corporation taxes have been reduced 25% in the past two years. How much do you think her merit system of unemployment insurance has saved employers? ( ) \$1,000,000. ( ) \$100,000,000. ( ) \$300,000,000.



IN TERMS OF LABOR?

3. N. Y. State's skilled workmen are productive, cooperative, versatile. What percentage of the nation's 446 different manufacturing industries do you estimate are represented in the Empire State? ( ) 25%, ( ) 65%, ( ) 95%.



IN TRANSPORTATION FACILITIES?

4. Manufacturers, with plants in New York State, have access to a 7,639-mile rail network...to 290 airports...and 907 miles of inland waterways. How many miles of paved highways serve truckers? ( ) 23,402, ( ) 45,613, ( ) 63,965.



AS A FOREIGN TRADE BASE?

5. All needs for trade abroad are here—admiralty lawyers, marine underwriters, transshipment storage, foreign exchange and finance. How many steamship lines serve the Port of New York? ( ) 50, ( ) 100, ( ) 200.



AS A PLACE TO RELOCATE?

6. As a place to work or relax, New York State has everything you and your employees will want. For facts pertinent to your particular business, write: Commissioner, Dept. of Commerce, Room B11, 112 State Street, Albany 7, N. Y.

## ANSWERS:

1. 36% over the national average in 1946—higher than any other industrial state. 2. \$300,000,000 in the past 3 years. 3. 95%—or 422 separate industries. 4. 63,965. 5. 200.



**NEW YORK**  
*means business*

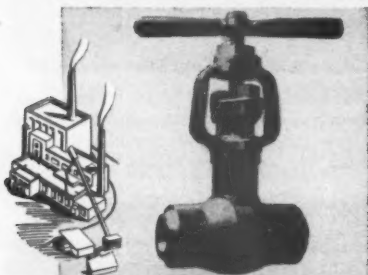
the striking new  
**Crosley**  
station wagon  
Smart · Fashionable · Sleek



- ★ Lowest priced
- ★ 35 to 50 miles per gallon of gasoline
- ★ All-steel throughout
- ★ Range of colors
- ★ 4 cyl. Crosley Cobra liquid-cooled engine

**CROSLLEY**  
a FINE car

For beautiful catalog write:  
Crosley Motors, Inc., 2532 BT Spring Grove Ave.  
Cincinnati 14, Ohio



### Ten years is nothing!

Test and field experiences with Hancock 1500# and 2500# WELDVALVES prove that their service life is as near permanent as any similar device ever built. They last longer than lines or boilers. The seats and discs defy time and wear so that the yearly cost is lower than that of any cheap valve. They make astonishing savings of weight and space. Two body sizes cover all pipes up to 2". Write for information about Hancock WELDVALVES.



**HANCOCK**  
Valves

MANNING, MAXWELL & MOORE, INC.  
WATERTOWN 72, MASSACHUSETTS

Suppliers of valves, pipe, fittings, flanges, elbows, tees, unions, gate valves, globe valves, check valves, steam traps, and other industrial equipment. Also a full line of valves, pipe, fittings, flanges, elbows, tees, unions, gate valves, globe valves, check valves, steam traps, and other industrial equipment.

appliances; the rest sell ventilating fans and other smaller items. These appliances go into new houses without ever seeing the inside of a retail store. And naturally, the retailers don't like it.

• **Builder's Advantage**—They also accuse the builders of frequently including the cost of these appliances in the mortgage. Since mortgages are usually for long periods, the dealers claim that this permits builders to offer longer credit terms than they can.

Retail dealers, of course, must comply with Regulation "W". That requires a down payment of 20% on a refrigerator and 15 months to pay the balance.

• **Installation Problems**—In some sections of the country, merchants complain that sales of automatic dishwashers and garbage disposal units are held up because plumbers won't co-operate. Unless the plumber makes the sale himself, they say, he is frequently unwilling to install the unit. And in some areas, sales of garbage disposal units have been hindered by local regulations prohibiting their use in conjunction with community sewage systems.

Other problems have braked electric range sales. The high cost of installation has been one retarding factor (BW—Jul. 31 '48, p. 47). Pooling of installations (so that one dealer can install many ranges at a profit instead of each dealer installing a few at a loss) and cooperation with local utilities have helped, however.

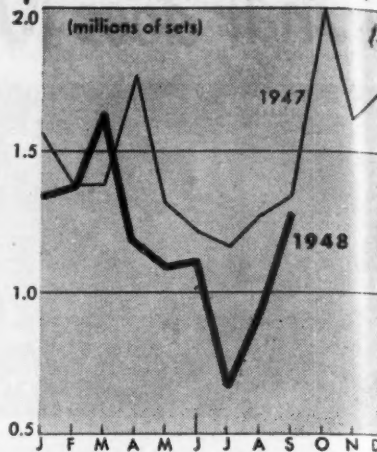
Retailers are worried about one other important consideration—price. Many of them think that the talk coming from the manufacturers implies another rise in prices early next year.

• **Prices, Costs**—The dealers feel that they already have enough to cope with, prices being as high as they are. They're caught in a squeeze between producers' rising costs and increased consumer resistance. If prices go up again, they say, the market could drop right out from under them.

The retailers naturally argue that the best solution to the problem is for the manufacturer to absorb the costs, take a smaller margin, possibly even cut prices slightly. The appliance makers' payoff would then come, they say, from increased sales volume the price cuts would induce. The manufacturers, of course, don't see the situation quite that way. They tell the same story on the dealers.

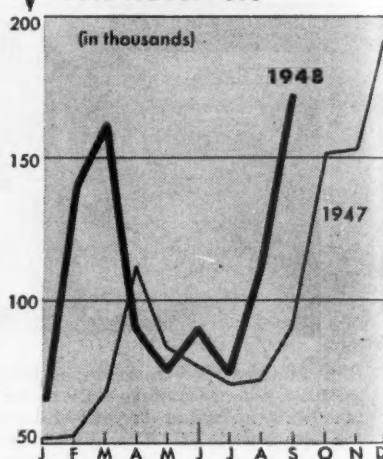
• **New Machines**—When the appliance industry finally shakes down to a stable level, manufacturers think they will still have a couple of fairly new devices to keep the public buying. One is the home freezer; another is the automatic dishwasher. And, of course, television sets have an enormous growth curve ahead.

### Radios (AM, FM, TV)



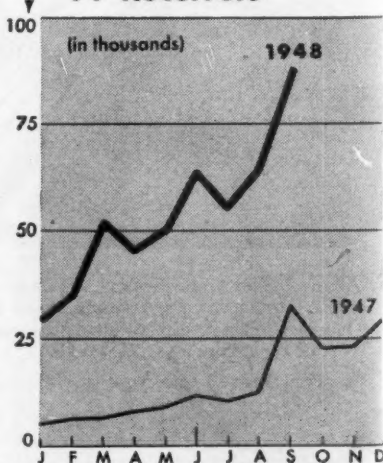
RADIO'S PARADOX: Production (which reflects sales) is off 14%, despite . . .

### FM Receivers



HEALTHY INCREASE in output of FM sets (including AM-FM combinations) and . . .

### TV Receivers



BOOMING TELEVISION, currently at a level 381% higher than last year

Source: Radio Manufacturers Assn.

© BUSINESS WEEK

## Joy to the Wets

Election day brought the liquor industry victory over the prohibitionists in eight states, defeat in only one.

The Democrats weren't the only happy people after the elections. Also joyful—although for a different reason—were the men who make and sell alcoholic beverages.

• **"Devastating"**—Licensed Beverage Industries, Inc., led the crowing. Said L.B.I.: "The dries have suffered the most devastating setback they have so far experienced since repeal."

Here's why L.B.I. felt so good:

Kansas put the skids under its 68-year-old prohibition law;

California and Colorado rejected measures which would have introduced "local option" into their liquor laws. These would have permitted individual communities to go dry if they wanted to;

South Dakota axed an attempt to ban the sale of food in places where liquor was sold;

Massachusetts, New Hampshire and Ohio, in "local option" tests, increased their percentage of "wet" communities.

Washington and Oregon presented special cases. Neither state has had public bars since before prohibition. Instead, since repeal they have featured that peculiar institution so annoying to unwary out-of-state visitors—the "club" with a bar for "members" only.

To get a drink in Washington, for instance, natives have to buy state liquor permits for 50¢; then they purchase club scrip to buy drinks at the "club" bar. In Oregon, thirsty citizens buy bottle goods at state stores (on permit), hand them over to the club bartender to dispense to them as required. Hotels, restaurants, and taverns in both states are allowed to sell only beer and wine.

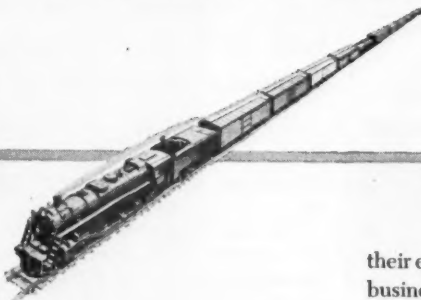
• **Split Verdict**—In both states this year, there were measures on the ballot to legalize sale of hard liquor by the drink. Oregon held out against the move, but Washington voted yes.

The new Washington law will take effect next March. It will permit hotels, restaurants, resorts, and common carriers—when licensed by the state—to serve liquor by the drink. Licenses are restricted to one for each 1,500 persons in the state. And licensees must post a \$10,000 bond. Drug stores, soda fountains, and sandwich shops are specifically excluded.

• **Small Reverse**—L.B.I. suffered one setback, however. Three upstate New York towns—Lapeer, Lisbon, and Freemont—are now dry. But L.B.I. isn't worrying. The combined population of the three towns, it says, is 3,822.



## Railroad taxes are sending a million children to school



Railroad school taxes alone pay the costs of keeping a million children in school every year!

And other railroad taxes help to protect the health of communities, provide police and fire protection, build roads, airports, and waterways all over America.

An industry whose tax contribution amounts to more than one billion dollars a year is a vastly important factor in the economy of every state, and of thousands of towns and cities, by virtue of its tax payments alone.

But that's only part of the story! Railroads in 1948 spent three billion dollars for equipment, materials, and supplies, which were bought in five out of every six counties in the country. And the four and one half billion dollars which the railroads paid to

their employees in wages helped make business better everywhere.

So it is easy to see that—over and above the essential transportation service they provide—railroads are home-town partners of each of the communities they serve. That's another reason why every American has a stake in strong and healthy railroads.

★

**LISTEN TO THE RAILROAD HOUR** presenting the world's great musical comedies. Every Monday evening over the ABC network, 8-8:45 Eastern, Mountain, and Pacific Time; 7-7:45 Central Time.







## Solves your problem

Granted you have an almost impossible lifting job! Installation is a puzzle. Working conditions tough! If loads are within the capacities of a 'Load Lifter' there is no problem. Special features—no other hoist has all—are responsible for low-cost lifting, minimum upkeep and safety. Ball-bearing enclosed motor; one-point lubrication; improved automatic load brake; safety upper stops and lower blocks... and many more advantages.

Lifting capacities 500 to 40,000 lbs.  
Send for Catalog No. 215



## 'LOAD LIFTER' Hoists

MANNING, MAXWELL & MOORE, INC.  
MUSKEGON, MICHIGAN

Builders of 'Shaw-Box' Cranes, 'Budgit' and 'Load Lifter' Hoists and other lifting specialties. Makers of Ashcroft Gauges, Hancock Valves, Consolidated Safety and Relief Valves and 'American' Industrial Instruments.

## • HERE'S THE BASIS FOR A PROFIT BOOSTING PLAN



It's the RAPISTAN Floor Truck. Made in 7 platform sizes with a choice of wheels, it's rugged. Ends truck maintenance, moves your loads at minimum cost. Has steel corner pocket construction, STEEL-FORGED\* casters.

## MAIL THE COUPON TODAY!

ST. W. Get the complete details now on  
RapiStan Floor Trucks or other



**RapiStan**  
PROFIT BOOSTING EQUIPMENT

Check the coupon for free bulletins—

THE RAPIDS-STANDARD CO., INC.

306 RapiStan Bldg., Grand Rapids 2, Michigan  
Send bulletins on the equipment checked.

☐ RAPISTAN FLOOR TRUCKS ☐ WHEEL-EYE HAND TRUCKS  
☐ RAPID-WHEEL CONVEYOR ☐ POWER BELT CONVEYORS  
☐ RAPID-ROLLER CONVEYOR ☐ STEEL-FORGED CASTERS

Name \_\_\_\_\_

Address \_\_\_\_\_

City \_\_\_\_\_

Zone \_\_\_\_\_

State \_\_\_\_\_



CROWNING 1948 fashion queen Nancy Gagin, shown here wearing a \$27,000 mink coat, President Howard Fox shows one way that . . .

## I. J. Fox Pushes Branded Furs

Biggest fur retailer feels public confidence needs to be built, will try to do it by building national-brand status for its furs through promotion, advertising outlets in some 60 cities.

The fur business this season, as any cart-pusher in New York's busy garment district can tell you, just isn't good at all.

For one thing, fur farmers have had to compete with imported skins. At the retail level, sales are sluggish. And a recent survey made by Fairchild Publications showed that only 28% of most store's fur dollar-volume is in nationally branded merchandise. Many people, notably Brand Names Foundation, consider that pretty bad. (In toilet goods, for instance, the figure for national brands is 97%.)

• **Changes?**—The situation in the future, however, may be different. Last week I. J. Fox, Inc., the nation's largest fur retailer, announced that it would:

(1) Create national-brand status for its furs;

(2) Merchandise its products from coast-to-coast through leased departments in the stores of 60 cities;

(3) Shelf earlier plans to set up four branch stores in the New York metropolitan area.

At almost the same time, the National Board of Fur Farm Organizations said that it would press legislation in Congress to help lift the pelt raisers out of their economic hole.

• **Boosting Confidence**—The I. J. Fox program, according to Howard Fox,

president of the company, aims at building public confidence in branded furs. Fur buyers, he said, are tired of buying what the trade calls "a cat in a bag."

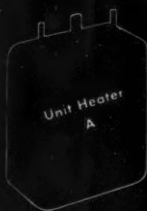
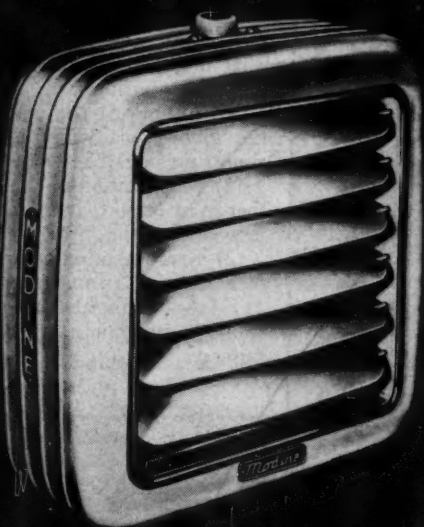
Fox already has a fairly wide distribution on the East Coast. It has four company-owned stores—in New York, Boston, Philadelphia, and Cleveland. In addition, it operates leased departments in some 15 stores covering the northeastern seaboard from Pennsylvania to Maine.

• **New Standardization**—For its new outlets, however, Fox will set up greater standardization.

They will handle only I. J. Fox furs (heretofore, some of the Fox-leased departments have sold other fur lines as well.) And they will use new techniques of advertising and promotion. Once the program is well under way, Fox may back it up with advertising on a national scale.

• **Operation**—Here's how the typical leased fur department will operate: I. J. Fox will supply the sales personnel. The store that has the department will handle bookkeeping, credit, and collections. And I. J. Fox will pay the store a fee—a percentage payment based on the amount of business Fox does in that store. Only one store in each city will get an I. J. Fox unit. At present, only

To everyone about to order unit heaters, Modine says,  
**"Look before you buy!"**



**YES, look before you buy..  
 and you'll buy Modine!**

It's easy to see the difference between Modine unit heaters and all other makes. One look will show you Modine is the leader — the only unit heater which gives you ALL these important features. Modern Beauty. All-Copper Coils. Peak Performance. Easy Installation. Smooth Operation. What's more, you can choose from 3 types and 47 capacities to meet your specific heat, air delivery, height and location needs.

When you look before you buy, you'll see why Modine leads the field. Call your Modine Representative for further details. He's listed in the "Where-to-Buy-It" section of your phone book. Or write direct. Modine Mfg. Co., 1508 Dekoven Avenue, Racine, Wis.

**MODINE MAKES  
 THIS SPECIAL OFFER**



Get the facts **RIGHT ON YOUR DESK.** Call your Modine Representative today to show you an actual Modine Unit Heater . . . to explain its features in detail. You'll like its attractive appearance, sound engineering, rugged construction. Examine Modine — compare it with other unit heaters before you make your decision.



**Look at Modine Suspension!**

See how this patented feature eliminates hanger rods . . . speeds installation . . . lets you direct heat where you want it. Find out how it cuts installation charges up to \$10 per heater.



**Look at Modine Beauty!**

Check Modine's clean, simple lines, beige-gray color, sparkling chrome trim. See how this attractive Modine appearance combines with quality Modine performance to give you the finest in unit heating today.

**Modine UNIT HEATERS**

## Insurance... and YOU

#12 of a series of informative articles  
on insurance and bonding.

### Have you enough Business Interruption Insurance to protect next year's profits?

You probably carry Business Interruption Insurance to provide the profits which you would otherwise lose during a shutdown due to fire, windstorm, riot or other insurable hazard. Many farsighted managements have long protected their earnings this way.

If disaster should force a shutdown of *your* operations, would your Business Interruption Insurance be sufficient to pay continuing costs... and leave enough to cover your normal net profit, too?

Actual losses show that many companies do not have *enough* Business Interruption Insurance to cover their potential losses. That's because they've neglected to keep their policies in line with anticipated earnings.

Now, while planning for the new year, is a good time to figure exactly how much a shutdown might cost you and how much insurance you need to close this loss gap. The Hartford's work sheets make this calculation easy. Write us for them or call your Hartford agent or your broker.

# HARTFORD

HARTFORD FIRE INSURANCE COMPANY  
HARTFORD ACCIDENT AND INDEMNITY COMPANY  
HARTFORD LIVE STOCK INSURANCE COMPANY

Writing practically all forms of insurance except personal life insurance  
Hartford 15, Connecticut



cities with populations over 100,000 will qualify.

Fox has already opened the first of its "new-type" departments in Grieve, Bisset & Holland—specialty shop in Waterbury, Conn. It will take several years to get the full distribution planned by the company.

• **Guarantee**—Prices of furs in the I. J. Fox line range from \$100 for a mouton (sheared lamb) coat to \$25,000 for its finest mink. Buyers of all types of furs will get a year's guarantee against wear, workmanship, and skin defects.

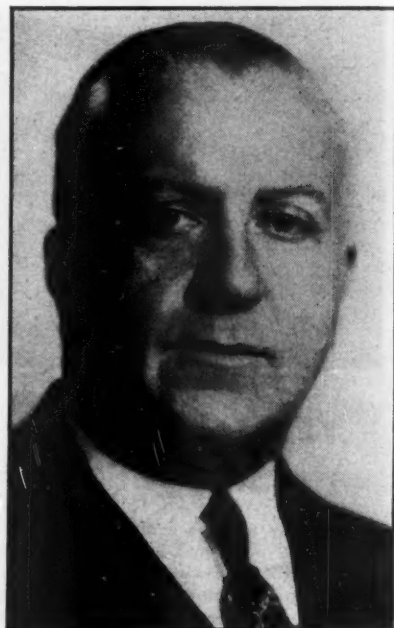
The leased departments will remain active 44 to 46 weeks a year. During the slack summer season, Fox will push fur scarves and jackets—and conduct what it hopes will be a sizable storage and repair business.

• **Pelt Lobby**—At the pelt-raising level, the lobby's plans for 1949 surprised almost nobody. The lobby will seek:

(1) Modification of the tariff laws so that most imported raw furs may be removed from the "free list;"

(2) Removal or reduction of the 20% federal excise tax on fur coats;

(3) An outright subsidy or price-support program for American fur farmers.



### Dictaphone Salesman

Dictaphone Corp. dipped into its own past history last week to select C. Kingsley Woodbridge as its new president. Woodbridge, who replaces retiring president Merrill B. Sands, was the first president of Dictaphone—from 1923 to 1927. The company's backlog has dropped in recent months. So Woodbridge, whose business reputation is built on his record as a crack salesman, was a natural choice for the position.



## Three-Way Trade

Publicker sells whisky to Seagram, buys molasses from Cuba for antifreeze. Deals net Publicker profits, cheap stocks.

A hundred years ago, if a businessman talked of the profitable "triangular trade," he meant this: New England rum to Africa, slaves to the West Indies, and molasses back to New England. Last week, Publicker Industries, Inc., laid the groundwork for a triangular deal of its own.

• **Three Sides**—Publicker sold some 4-million gal. of bulk whisky to Distillers Corp.-Seagrams, Ltd. Then it turned around a few days later and bought up a sticky pool of bulk molasses from Cuba. Publicker will add another side to its polygonic trade when it sells the industrial alcohol distilled from the molasses as antifreeze.

Negotiations for the Publicker-Seagram deal began last April (BW—May 15'48, p49). But they stalled. Seagram, leading the liquor industry in sales, was draining its supplies of aged whiskies; the shortage had forced the company to substitute three-year-old goods in some of its best-known blends.

• **Revival**—Then Schenley put on an advertising campaign that may have been a potent factor in reviving the Seagram-Publicker deal. Schenley urged the thirsty public to look at the back label before buying (and thereby discover the age of the contents). At any rate, Publicker and Seagram closed the deal. Thus, Seagram gets the aged whisky it needs until its three-year-old stocks come of age next July.

• **Terms**—Trade observers estimate Seagram's purchase at about 4-million gal. at a price of nearly \$26-million. Per gallon this comes to about \$6.50. And since the whisky cost Publicker less than \$2.25 a gal. to produce and carry, the company netted a profit somewhere near \$17-million.

Publicker's molasses deal was also something of a coup. The company signed a contract with the Cuban Sugar Mobilization Institute to buy all the molasses left from Cuba's 1948 production. This will amount to at least 80-million gal.

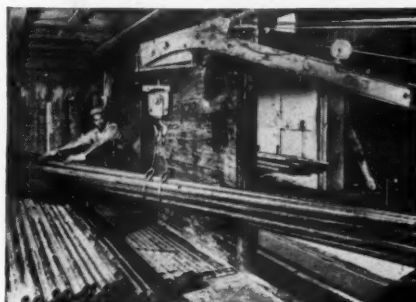
Based on the present molasses price of 20¢ a gallon, the cost would run to \$16-million. Publicker will probably pay substantially less, though, because the company got a price concession for buying the whole lot. And the molasses is priced on a sliding scale; if market quotations in the U. S. drop, the price to Publicker drops, too—and vice versa.

• **Gains**—By buying the entire lot, Publicker gained two points: (1) It froze

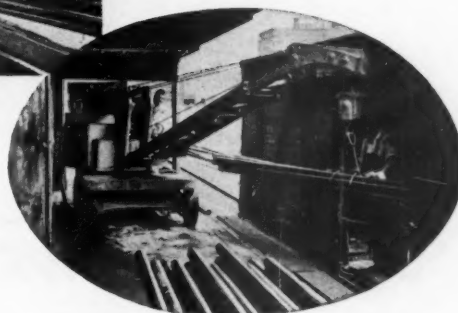
**96 MAN HOURS**

**CUT TO 32— WITH BAKER TRUCK**

**Crane Truck at NATIONAL ACME CO.  
pays for itself in 8 months**




(Above) Boom of Baker Crane truck leaving box car with load of ten 2 1/4" x 20 ft. steel tubes.




(Right) Baker Crane Truck loading tubes onto trailer. Each tube weighs 260 lbs., load weighs 2600 lbs.

This Baker Crane Truck, unloading 20 ft. steel tubes each weighing 260 lbs., cuts man hours by 2/3 over former methods. Actual savings—as shown in tables below—are even greater than estimates made before the truck was purchased:

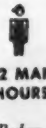
### Man Hours per car — Previous Methods

	Remove blocking from car	0.5 hrs. x 4 men	2.0
	Unload to trailer 100,000 lbs.	11.0 hrs. x 4 men	44.0
	Clean car	0.5 hrs. x 4 men	2.0
	Haul to storage		
	Unload from trailer to pile	12.0 hrs. x 4 men	48.0
	Return empty trailer		
<b>96 MAN HOURS</b>	<b>Total man hours</b>		<b>96.0</b>

### Estimated Man Hours with Baker Truck

	Remove blocking from car	1.0 hrs. x 2 men	2.0
	Unload to trailer 100,000 lbs.	11.0 hrs. x 2 men	22.0
	Clean car	1.0 hrs. x 2 men	2.0
	Haul to storage		
	Unload from trailer to pile	9.5 hrs. x 2 men	19.0
	Return empty trailer		
<b>45 MAN HOURS</b>	<b>Total man hours</b>		<b>45.0</b>

### Actual Man Hours with Baker Truck

	Remove blocking from car	0.5 hrs. x 2 men	1.0
	Unload to trailer 100,000 lbs.	7.0 hrs. x 2 men	14.0
	Clean car	0.5 hrs. x 2 men	1.0
	Haul to storage		
	Unload from trailer to pile	8.0 hrs. x 2 men	16.0
	Return empty trailer		
<b>32 MAN HOURS</b>	<b>Total man hours</b>		<b>32.0</b>

A Baker Material Handling Engineer can show you how to make similar savings

**BAKER INDUSTRIAL TRUCK DIVISION**  
of The Baker-Raulang Co.  
2164 WEST 25TH ST. CLEVELAND, OHIO  
In Canada: Railway & Power Engineering Corporation, Ltd.

**Baker INDUSTRIAL TRUCKS**



## *It's Streamlined* **FOR GREATER CLEARANCE** **Conserves Storage Space**

The new Finnell Mop Truck gives you all the fine features of the former Finnell truck plus several new ones. The new model has rounded corners and recessed wheels—especially desirable features when the truck has to be moved through narrow passages, and for conserving storage space.

A mop shield beneath the wringer of the truck prevents mop from dropping into the dirty water when being wrung. Wringer-rolls are of steel, and the truck has four double-disc pressed-steel wheels, two of which swivel... rubber or metal tires... and two 28-gallon tanks. Ruggedly constructed to withstand hard usage. Comes in stainless steel and in galvanized iron.

Finnell also makes a Mop Truck for smaller operations, with two 7½-gallon tanks. The complete Finnell line includes Combination Scrubber-Vacuum Machines... Portable Machines for wet-scrubbing, dry-scrubbing, dry-cleaning, waxing, and polishing... Heavy Duty Vacuum Cleaners for wet and dry pick-up... Steel-Wool Pads and other accessories... Cleansers, Sealers, and Waxes for every floor-maintenance need.

The nearby Finnell man is readily available to help train your maintenance operators in the proper use of Finnell Equipment and Supplies. For consultation or literature, phone or write nearest Finnell Branch or Finnell System, Inc., 3811 East Street, Elkhart, Indiana. Branch Offices in all principal cities of the United States and Canada.



### **FINNELL SYSTEM, INC.**

*Pioneers and Specialists in*  
**FLOOR-MAINTENANCE EQUIPMENT AND SUPPLIES**

**BRANCHES  
IN ALL  
PRINCIPAL  
CITIES**

out other U. S. and British alcohol interests who were bidding for parts of the lot; and (2) it obtained a supply of raw material for industrial alcohol at a price considerably under the market quotations at which its competitors must buy.

The molasses will make some 32 million gal. of alcohol. With this, Publicker says it can supply demands for its ethyl alcohol, butyl alcohol, acetone, and solvents. And the company will also be able to sell as much antifreeze as the public will buy.

## **MARKETING BRIEFS**

**READERS NOW PAY 7¢** for San Francisco's four dailies—Chronicle, Examiner, Call-Bulletin, News. Los Angeles papers were the first to up their price 2¢ (BW—Nov. 13 '48, p84).

**FARM INCOME DIPPED 3%** in October from its September postwar high. But the ten-month total (\$25-billion) ran 4% over 1947's.

**TAX GETS AX** from Atlanta's city council: Television dealers and repairmen won't have to pay \$60 to \$120 yearly for a special license, after all.

**DEMAND FOR TIRES** in 1949 will probably equal 1948's unit sales. Harvey S. Firestone's reason for so thinking: more cars, more miles per car.

**FRANKLIN SIMON** opened its eighth store, in Atlanta, last week. It cost \$2-million and is the company's most important unit outside New York City.

**YOUR ADVERTISING ABROAD** can help correct foreign misconceptions about the U. S. Copy tips appear in new Advertising Council booklet which the State Dept. helped prepare.

**RAYON-YARN** and staple-fiber shipments beat October, 1947, by 7%. For the ten-month period, 1948 is running 16.5% ahead of 1947.

**THE AVERAGE DRUG STORE** sold \$76,520 worth of merchandise in 1947 for a net profit of \$5,362, says Eli Lilly Co.

**OCTOBER SALES** for 43 leading mail-order and chain-store companies gained 8% over October, 1947. New York Times study shows that the first 10 months of 1948 lead 1947 by 12.2%.

**SPUR TO LAGGING SALES** is American Book Publishers Council pamphlet, Book Windows That Sell. Booksellers get the merchandising aid free; others pay 50¢.

# FINANCE

## Dull Spots In a Bright Picture

Changes in Operating Results — 1948 vs. 1947

	3rd Quarter		1st 9 Months	
	Sales	Net Profit	Sales	Net Profit
American Woolen Co.	+18.7%	-25.7%	+21.5%	-7.1%
Colgate-Palmolive-Peet Co.	-1.5	-41.2	-11.1	-44.6
Commercial Solvents Corp.	NA	-47.5	NA	-30.8
Corn Products Refining Co.	NA	-33.1	NA	-43.9
Diamond T Motor Car Co.	+11.3	-33.4	-31.2	-20.9
Thomas A. Edison, Inc.	NA	-78.7	+6.0	-68.2
Rob't. Gair Co., Inc.	+4.8	-22.6	+2.0	-14.0
General Cable Co.	NA	-23.5	NA	-30.9
Hazel-Atlas Glass Co.	-1.1	-10.3	-1.9	-39.5
Houdaille-Hershey Corp.	+9.6	-26.2	-12.9	-51.9
Industrial Rayon Co.	NA	-30.3	NA	-15.4
Mack Trucks, Inc.	-16.3	-67.0	-1.2	-41.9
Master Electric Co.	-26.1	-41.9	-15.7	-5.3
McCall Corp.	+4.6	-44.3	+6.6	-38.4
Moore-McCormack S. S. Lines	NA	-82.2	NA	-18.0
National Aluminate Corp.	-10.6	-17.2	-6.1	-10.7
Newport Industries, Inc.	+14.9	-57.1	-0.9	-54.1
Oxford Paper Co.	NA	-60.2	NA	-46.9
Pepsi-Cola Co.	NA	-52.9	NA	-53.5
Frank G. Shattuck Co.	NA	-97.5	NA	-66.0
A. E. Staley Mfg. Co.	NA	-16.5	NA	-45.0
Underwood Corp.	NA	-22.1	NA	Same
U. S. Industrial Chemicals	-28.8	-64.5	-27.8	-50.0
Westinghouse Electric Corp.	+7.7	-32.7	+22.0	-2.8
Worthington Pump & Machy. Co.	NA	-19.3	NA	-18.2

NA No comparative sales figures available.

Over-all corporate earnings for 1948 are surging toward a new record. The Dept. of Commerce now thinks that when all the returns are in they are going to add up to a staggering \$20.4-billion after taxes.

As predicted (BW-Jul.31'48,p19), 1948 will surely top 1947's record high of \$18.1-billion. And it will leave 1939's \$5-billion, 1937's \$4.7-billion, and even halcyon 1929's \$8.4-billion way back in the shade.

• **Some Are Down**—But a look at the table above will show that there's another significant fact about this year's earnings: They're spotty. Indeed, a lot of companies are going to find 1948's earnings much less satisfactory than those of 1947—or some earlier years.

Strip away the glittering facade from the 1948 profits picture and you will find out why. Here are some of sobering facts lurking beneath:

**Capital expenditures** have been providing much of the impetus behind the postwar boom. So hard-goods producers have accounted for an outsize chunk of corporate earnings.

**Soft-goods producers** have been feeling the bumps. Many are back in a seller's market; others are getting there. And earnings have softened somewhat even in segments where there seems to be an over-all boom.

**Operating costs** have long since climbed to peaks that make management shudder. They're still rising—pulling up breakeven points with them. So far it's true that higher prices and increased production have produced enough sales gains to outstrip the postwar spiral of raw-material, manufacturing, selling, and overhead costs. But sales can't keep on climbing forever.

More and more companies—even in booming lines—have found out how vulnerable current high profit levels are. They can be thrown out of whack by a tapering-off in the sales upcurve or a minor drop in sales volume, or by inventory losses when price levels of important raw materials ease off.

• **Selective Trading**—This, in turn, helps explain the selective nature of the pre-election stock market trading (BW-Nov.6'48,p101). Smart traders and investors no longer let themselves be lulled by big, brilliant showings overall or even by the sweet earnings performance in isolated segments of the fields in which their companies operate.

The auto industry is a good example of how strong the cross-currents are running in a highly favored field. The showy 1948 performance of Chrysler, General Motors, and other leaders (BW-Oct.30'48,p101) has obscured the poor performances of less-prominent

GENERAL ELECTRIC

Water Coolers

...GIVE PLENTY OF COOL WATER



NO WAITING... large storage capacity. Touch your toe to the foot pedal of a General Electric Water Cooler... and get properly cooled water instantly. It's clean, too. The ample stainless steel reservoir means plenty of cool water without undesirable taste from internal corrosion.

GENERAL ELECTRIC

Water Coolers

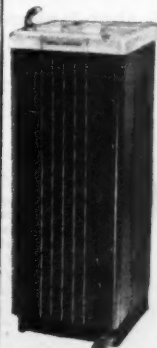


...ARE BUILT TO LAST

The modern General Electric Refrigerating unit means years and years of satisfactory service... at a cost of only a few pennies a day! See your G-E Dealer today! General Electric Company, Air Conditioning Dept., Section W88611S, Bloomfield, New Jersey.

### LOOK FOR THESE G-E SUPER-FEATURES

1. **CLEAN, SANITARY DURABLE TOP.** White vitreous china won't scratch or discolor.
2. **EASILY ADJUSTABLE TEMPERATURE CONTROL.** No tools, no serviceman needed.
3. **MORE COOLING FOR YOUR MONEY.** G-E Refrigerating Unit is reliable, long-lasting.
4. **LONG-LASTING, ATTRACTIVE CABINET.** Heavy gauge steel... bronze lacquer finish.
5. **PROTECTION AGAINST RUST.** Stainless steel reservoir. Cabinet has corrosion resisting coating.



GENERAL ELECTRIC

Water Coolers





"When The Maytag Company announced plans to build a new \$5,000,000 factory to produce automatic type washers, solicitations to locate the plant in their respective communities were received from Chambers of Commerce all over the United States. But, after studying all the factors involved in the undertaking, we decided to keep our washer manufacturing operations in Iowa and the new factory is now under construction in Newton.

"We have found Iowa an excellent place in which to do business. It is blessed by sound state government, a balanced agricultural and industrial economy, excellent transportation facilities, a healthful climate, good schools, fine recreational facilities and, above all, a population of wholesome, friendly people."

FRED MAYTAG II, President  
The Maytag Company

Newton is one of many friendly Iowa communities in which industries of national importance prosper. If your industrial program demands expansion, investigate the outstanding advantages provided by the Hawkeye State. In addition to a central location convenient to the principal markets, Iowa offers a skilled labor supply, sympathetic government, and vast power and transportation facilities. Like the men and women at Maytag, you and your employees will find Iowa a good place to live . . . enriched by parks, rivers and lakes with abundant room for gracious living.



Iowa's new official Trade Mark which identifies the fine products of Iowa farms and factories.



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**IOWA DEVELOPMENT COMMISSION**

companies. This goes particularly for the truck manufacturers, whose profits have skidded precipitously lately.

• **Trucks Down**—Take Mack Trucks, Inc.: Its third-quarter sales slipped \$5-million (16.3%) under the 1947 level, while profits shriveled to a third. For the nine months, sales were off less than \$1.1-million—but profits sank from \$1.8-million to about \$600,000.

So it goes with Autocar Co. (a year-to-year drop of 25% in its nine-months' sales produced an 88% decline in its profits); Diamond T Motor Car Co.; other bus and truck manufacturers.

Wall Street now doubts that Federal Motor Truck will earn more than \$1 on its common stock this year vs. \$3.11 in 1947; that Twin Coach will earn more than \$2 vs. \$4.54; or that Reo Motors' net will add up to over \$3 vs. \$10.11.

• **Office Equipment**—Nor can you judge the whole office equipment trade by the Royal Typewriter Co.'s 40% gains in both sales and earnings for the fiscal year ending mid-1948.

Competitor L. C. Smith & Corona Typewriter Co. showed a 15% drop in earnings in its own recent fiscal year and has just cut its work week. Underwood Corp.'s third quarter net slumped (\$4.4-million to \$3-million); so did Remington Rand's (\$2.6-million to \$2-million).

• **Soft Drinks**—In the soft drink industry only Coca-Cola seems to have come through with booming sales and profits lately. Zooming costs have definitely caught up with: Nehi Corp. (profits off 38.5% in the third quarter, down 24.1% for nine months); Dr. Pepper Co. (third-quarter profits of only \$241,000 vs. \$350,000 in 1947, down half in the first 9 months); Pepsi-Cola.

In the electrical-supply field, the same pattern shows up. General Electric's sales and profits were up sharply for both the third quarter and the first nine months. But Westinghouse can't match this showing: Its third-quarter sales went up \$16,500,000—while profits slipped some \$4,100,000.

• **Motion Pictures**—The earnings slump in motion pictures, noted earlier this year (BW—Feb. 7'48, p84), has become more obvious. Wall Streeters don't think that in the fiscal year just ended that (1) Warner Bros. could have earned more than \$1.75 on its common stock vs. 1947's \$3.03 net, or (2) Loew's—long the trade's most consistent earner of profits—much more than \$1 a share vs. \$2.26 the year before.

Shipping lines are in about the same fix. Third-quarter profits of Moore-McCormick Lines slipped from \$3.2-million to \$558,000. The nine-month mark of \$5.8-million was down almost \$1-million.

Atlantic, Gulf & West Indies S. S. Co.'s nine-month earnings were \$260,-

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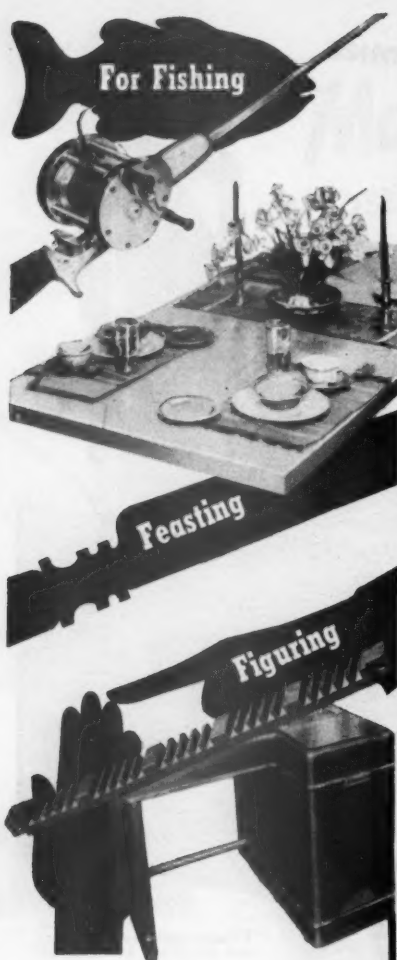
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000 as against \$760,000. U. S. Lines first-half profits came to 39¢ a share on its common stock vs. \$3.59 in 1947; American Export Lines, \$1.22 vs. \$2.08.

• **Farm Products**—Processors of grains, vegetable oils, and the like comprise another big group that has found the going quite rough—thanks in part to this year's drop in the prices of their principal raw materials.

Corn Products Refining and A. E. Staley aren't the only grain processors that have been hit. Nor is Colgate-Palmolive-Peet the soap-and-cleanser trade's only sufferer.

• **Spotty Chemicals**—Sales of the chemical trade, as a whole, are expected to hit a new high this year. So are profits.

But Atlas and Hercules Powder won't do quite as well in 1948 as in 1947. Even sharper year-to-year declines in earnings have been felt by such companies as Commercial Solvents Corp., U. S. Industrial Chemicals Co., Newport Industries, Pittsburgh Coke & Chemical.

There has been an even more perceptible softening of textile earnings, particularly among cotton mills (BW—Nov. 13'48, p10). American Woolen Co.'s profits were down sharply in the third quarter; so were Industrial Rayon Co.'s, and North American Rayon Corp.'s.

The pulp and paper trade is also

beginning to unravel some at its edges. Pulp companies have cleaned up previous large backlogs of orders. Some so-called marginal producers are reportedly beginning to shut up shop; others expect to see recent profit margins narrow down. In some cases these factors have already been reflected in the earnings record for this year.

Here are some other industries where profits have slipped from postwar highs: glass container, building supply, heavy machinery, copper fabricating, magazine publishing, grocery, road construction machinery, restaurant, cigar, paper container.

• **Not Too Bad**—On the brighter side, however, earnings as a whole haven't slumped to "dangerous levels," even where they have been hit hardest. Nor have many companies had to lower dividend rates. Furthermore, those with earnings under 1947's are still beating most prewar and postwar years.

Here are the major warnings to be drawn from the current picture:

(1) Higher-than-prewar profits aren't always such a favorable indication. Capitalization, funded debt, and bank loans are frequently well above prewar levels (BW—May 8'48, p94). So higher operating earnings are likewise necessary.

(2) Break-even points have risen so high that even a minor drop in sales can do a lot of damage to earnings.



### Visitor's Day for Allegheny Ludlum's Stockholders

That important but often anonymous individual, the stockholder, came in for a day of recognition at Allegheny Ludlum Steel Corp. recently. The company invited several thousand of them to come in and get acquainted. Here stockholder Charles C. Dale (right), wearing an identifying armband,

chats with worker Kenneth Irwin at the corporation's West Leechburg (Pa.) plant. All told, nearly 15,000 people attended the open house at West Leechburg, and another 22,000 went to a similar affair at the corporation's Dunkirk (N. Y.) plant, held the same day.



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## FINANCE BRIEFS

HARVARD UNIVERSITY has turned over management of its \$200-million endowment fund (largest in existence) to Boston's State Street Investment Corp.

CITY INCOME TAXES in Ohio withstood their first major court test. So Toledo will be the sixth city to have such a tax (BW—Nov. 13 '48, p99).

ALCOA has sold \$60-million 25-year notes (3%) privately—\$55-million to Metropolitan Life, the rest to Alcoa's pension fund. Will go to retire bank loans, augment cash reserves.

BALTIMORE & OHIO has authorized its first dividend payment in 16 years—\$1 on preferred stock.

TRANSCONTINENTAL & WESTERN AIR talks of selling 400,000 to 500,000 shares of new common stock to shareholders. The bulk will be offered to Howard Hughes, who owns about 73% of the stock outstanding.

KANSAS CITY SOUTHERN may soon pay a \$1 common-stock dividend. Last disbursement on common was 1931.

NEW YORK'S CONSOLIDATED EDISON plans to sell \$50-million new mortgage bonds next month.

THE FRISCO has asked ICC permission to buy the Alabama, Tennessee & Northern. Would give the Frisco its entrance into the important Gulf port of Mobile.

CALIFORNIA has voted to up its aged and blind benefits. The state will probably have to hike its income and sales-tax levies to cover the added costs, some \$120-million a year.

DOW CHEMICAL is offering employees 105,176 shares of common at less-than-current market quotations. Terms: one share for each \$200 annual earnings, a year to pay through payroll deductions.

BELL SYSTEM bond issues come along rapidly: (1) Pacific Tel. & Tel. and Michigan Bell recent new issues totaled \$75-million; (2) Northwestern sold a \$60-million debenture issue this week; (3) Mother Bell plans to sell \$150-million worth next month; (4) New England Tel. & Tel. wants to refund current 5% bonds with a lower yield issue early next year.

WESTINGHOUSE employees have bought up 289,792 of the 900,000 common shares offered by the company under a special stock-purchase plan.

Capitalizing on the current trend for "daylight engineering", the Armbrust Chain Company, Providence, R. I., included *Thermopane* windows in its new factory to assure workers greater comfort and to cut fuel costs. Architect-Engineer Frank B. Perry of Providence figures that this installation will enable the company to save 30 per cent on heating bills.



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## Bank Lessons Pay Dividends

Peoples First National Bank, Pittsburgh, holds meetings, where bankers and businessmen thrash out problems with experts. As the plan has grown, the bank's business has grown too.

By midnight, Nov. 4, two days after election day, the senior officers of Pittsburgh's Peoples First National Bank & Trust Co. admitted they had had a rugged day. There had been no "bankers' hours" that day; it had been practically a breakfast to midnight-lunch session.

• **A Job**—But nobody was kicking. For the 17th time, without a hitch, the bank had pulled off a unique customer service that it started some five years ago. Once again, it had done a job for its bank correspondents and corporate clients. At two economic meetings, hand-picked, top-flight economists had talked on subjects tailored to each group, had given them advice on how to cope with their economic problems.

That the latest series of meetings came two days after election day didn't just happen. Peoples First National's staff knew that 1948's presidential election could well bring drastic economic changes, no matter which way the cat jumped. That was a day when businessmen would have a lot of questions. So that was the day slated for the meetings.

• **The Old Way**—The bank, like many another institution, has been gathering economic advice for years—some for a consideration, some for free. In the old days, it relied mainly on written services, or gratuitous "market letters." A digest of this information was usually routed through the organization as it came in.

There were some drawbacks to this

system. Obviously, the quality of such economic advice varied considerably. And it often didn't move fast enough through the bank. Sometimes it was out of date by the time it got to the desk where it would count the most. Often, too, a sheet circulated would have interest only to one group—the bond investment group, for example.

• **The New Way**—In 1940, finally, the bank ditched its old system. Instead, it started employing top economists to meet frequently with its senior officers. Object: to discuss with them anything and everything that might affect the bank, directly or indirectly.

The change paid off right from the start. The official staff found that the program helped avert losses that the bank might otherwise have suffered, pick up profits that it might have overlooked.

• **Growing**—Before long, Vice-President John Kinneman, Jr., then in charge of the bank's customer and public relations division, was asking: Why not let customers—and the area generally—in on the program?

Kinneman took his brainchild to the bank's president, Col. Robert C. Downie. Downie at the time was on leave of absence to act as head of the important Pittsburgh Ordinance District. Downie backed the project 100%.

• **Correspondent Banks**—First step was to invite senior officials of the institution's correspondent banks to join in on

the next economics confab. All 83 of the correspondents were invited; most of them showed up. They talked with the experts about bond portfolios, statements, and other problems. They went home enthusiastic, anxious for a repeat invitation.

Since then, interest in these meetings has been so great that the attendance usually hits the 500 mark.

• **Businessmen, Too**—Next step was to break down the session into two meetings: one for bankers only, one for business executives. Peoples First figured that maybe 200 businessmen would be interested.

Officers sent out written invitations to the president and treasurer of each substantial enterprise in the city or the area. The response almost overwhelmed them. Those invited promptly furnished the names of 1,132 of their staffs that would like to come. Since then, attendance at the corporate meetings has always been over 500, often three times that.

The bankers' meeting normally lasts from 11 a.m. to 3 p.m. There's an hour out for lunch—on Peoples First Trust. Meetings are held at Pittsburgh's University Club. Besides a nationally recognized economist, there are always two other speakers, authorities on some phase of banking.

Corporate meetings are now held at the famous Duquesne Club. They start at 4 o'clock, last an hour. Only the economist scheduled for that meeting addresses this group.

• **Speakers**—Among the economists who have spoken so far are Dr. Marcus Nadler, Dr. Lionel Edie, Dr. Sumner H. Slichter. General Motors' Charles F. Kettering spoke on one occasion.

The special speakers at the bankers' meeting are also a handpicked lot. They

have included such authorities as Morris A. Schapiro, prominent New York bank-stock analyst; Dr. A. C. Van Dusen, of Northwestern University's Graduate School of Psychology, an expert on employee relations; Gordon Bradt, vice-president, Chicago's Continental Illinois Bank & Trust Co., a bank-employee-training specialist. Topics covered range from new sources of bank earnings to bank costs, customer relations, and the like.

The meetings are held three times a year, with Downie and Kinneman supervising. Part of the session is a lecture period. But to many a country banker and corporate executive, the most valuable part of the meeting is the question-and-answer period. Then's when they get a chance to get a specific answer to a specific question that has been puzzling them.

• **And the Ladies**—As a final step in its spread-the-light movement, Peoples First National has taken on the ladies. Once a year, its women clients have their innings—at an Economic Tea. Here, bank officials informally discuss what has been going on in the world of business and finance. They study the ins and outs of trusts and estates, then adjourn for a social hour. Generally, more than 500 women turn out for these combination business-social meetings.

The program hasn't been motivated wholly by altruism. To qualify for the invitation lists, you have to be a client of the bank. Thus, the meetings serve a double purpose: They help build up the bank, while at the same time they serve the community.

If Col. Downie wanted to brag about his bank, he could say it's now 39th in size in the nation. It operates the largest city-branch banking system in Pittsburgh. In a city with a population of



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PROMOTER of the economic meeting is John Kinneman, Jr., vice-president, Peoples First National Bank



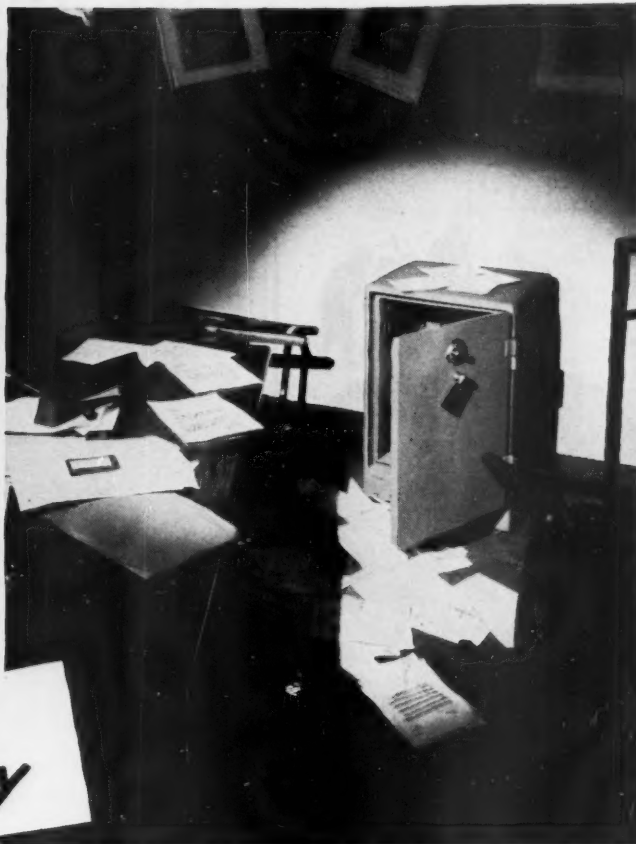
ENTHUSIASTIC BACKER is Robert C. Downie, president of the bank. The service has helped boost the bank's clientele

670,000, it serves 300,000 customers. He could point to the aggregate deposits of \$386-million shown on its Sept. 30 statement; cash and government-bond holdings of \$286-million, and capital funds totaling almost \$30-million.

• **Payoff**—How much of its bigness can be laid to the economic meetings? You'll hardly find an exact answer to that one. But the program has proved a big business builder to date. It has brought in many new corporate accounts, helped swell the roll of bank correspondents. From 83 when the meetings started, these have grown to over 500.

Obviously, Downie relishes the new business accruing from the meetings. But his associates report that he gets an even bigger kick out of the job they are doing in helping businessmen and bankers solve their business problems.





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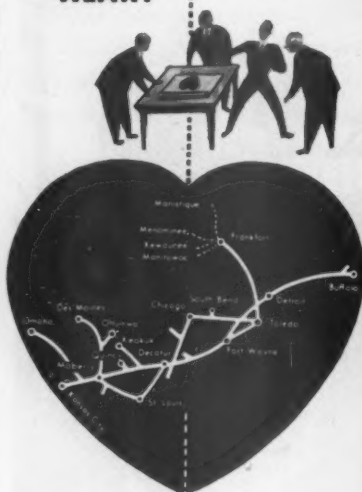


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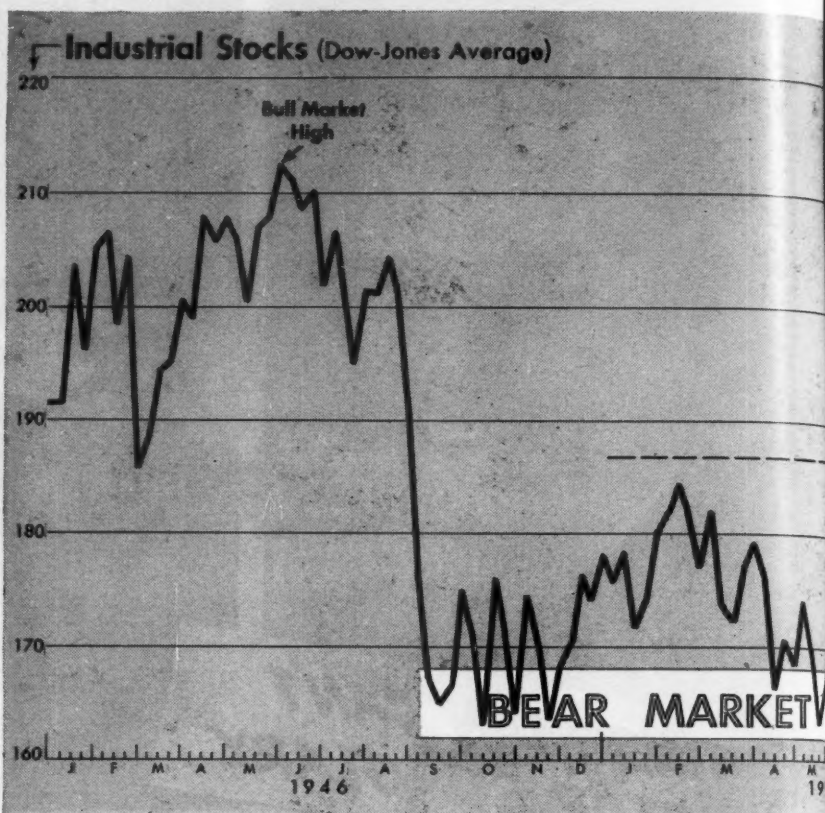
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# THE MARKETS



## Stocks As Forecasters

Since May, 1946, the market has done a "pollster's job" of taking the business pulse—it hasn't reflected record sales and profits. But don't write it off as a forecaster yet.

If you are trying to figure out just what the stock market's post-election dive means for business, take a long-term look at what the market has been doing for the past three years (chart above).

• **No Forecaster**—From the pattern that the Dow-Jones industrials have traced out, you can draw one definite conclusion: From May, 1946, to the end of October, 1948, the stock market wasn't acting as a forecaster of business. Or, if it was forecasting, it was about as accurate as the pollsters were on the election.

The 1946 bull market topped off in May and blew up completely in September. For the next 18 months, the market flopped around in a narrow trading range. Yet business—which it seemed to be worrying about—was ringing up the biggest sales and profits in history.

• **New Signal**—In May, 1948, the market gave a new bull signal and ran up to the best levels since the 1946 break.

Then it slid off again and finally, just before election, worked back to a point somewhat under the June high.

For a classic example of bad guessing, this beats just about everything but the public-opinion polls.

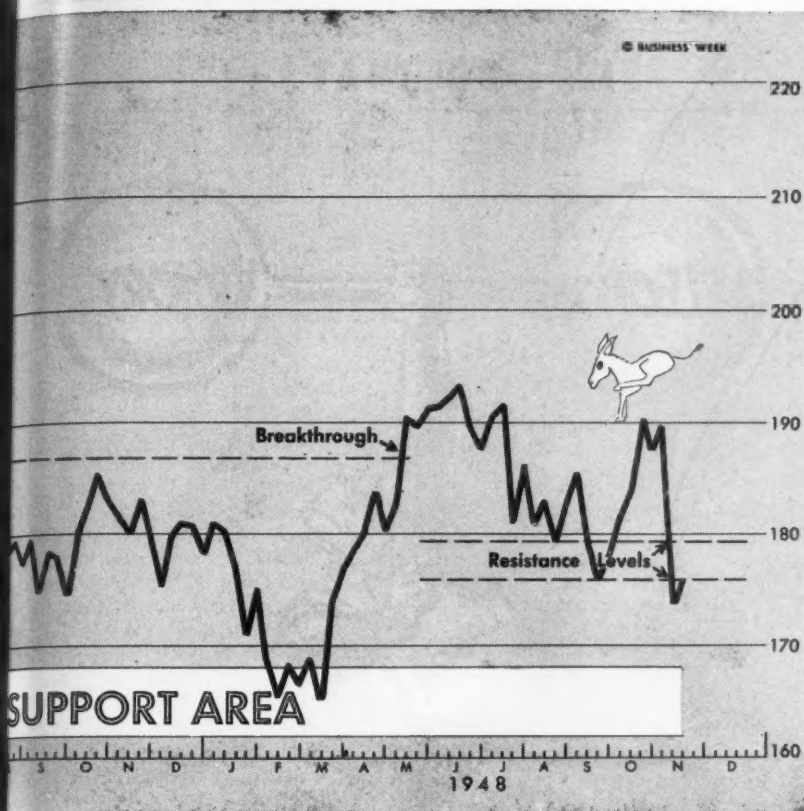
• **Watch Out**—There's a temptation to go on from here and say that the mar-

### Security Price Averages

	This Week	Week Ago	Month Ago	Year Ago
<b>Stocks</b>				
Industrial	150.8	148.0	160.5	151.3
Railroad	44.5	43.3	49.1	40.9
Utility ..	67.1	67.3	71.5	69.6
<b>Bonds</b>				
Industrial	94.3	94.5	95.3	100.7
Railroad	85.0	85.1	86.0	84.5
Utility ..	94.0	93.5	94.7	98.7

Data: Standard & Poor's Corp.

© BUSINESS WEEK



ket's moves from now on will be equally meaningless. But that's just where you have to watch your step.

In the first place, there's a basic difference between the 1946 break and the plunge that followed the election this month. In 1946, nothing specific touched off the break; traders simply began to worry about the possibility of a postwar recession. They remembered that the bull market was a good four years old—a long life for a major trend in the stock market. And they remembered that stock prices generally were higher than they ever had been before except on their way up toward the 1929 peaks.

• **Specific Worries**—This time, the market has some very specific worries on its mind. It is afraid of an antibusiness administration. It is afraid of price controls, allocations, and another round of wage increases. And—most of all—it is afraid of higher taxes on business. All these things would spell lower profits and smaller dividends.

In the second place, you have to recognize that the stock market hasn't yet made a real appraisal of what four more years of Truman will mean. The quick drop after the election simply canceled out the fall rally—a rally based largely on expectations of a Republican victory.

It may be some time before a real trend begins to develop.

• **Bad Way**—Technically, the market is in a bad way. In the pre-election rally it refused to go through its summer highs. And in the post-election drop it smashed through the August and September lows. That's a bear signal on the Dow Theory charts.

What's more, year-end selling to register losses for tax purposes is getting under way.

At the moment, the industrials are only about 10 points above the old bear market support area (163-165 or thereabouts). The chances are that sooner or later they will go on down and test the old lows. That's when you will get the tip-off on what the market sees ahead.

• **Two "Ifs"**—If the averages go through the old lows, you can expect a real bear market—not the mild, seesawing brand of bear market that we had after the 1946 break. But if the old resistance points hold, the market may be able to pull itself together and start a significant upward move.

Meanwhile, traders will be watching to see what Truman intends to do with his new lease on the White House. Thus, the first clues to where the market is going may come from Washington rather than Wall Street.



## Letter from a Lady

There was nothing startling about it. Just one of the four hundred or more received every week by our Research Department.

It outlined a typical problem. Said the writer had a "modest, fixed income" that she'd like to increase... was thinking of buying several securities—but wanted more facts, first.

Somewhere she'd seen a Merrill Lynch ad... heard about our Research Division that furnishes investment facts for the asking... and decided to ask for help herself.

We don't think she was disappointed!

Our specialists had little to go on... lacked exact figures on her current holdings, didn't know much about her over-all objectives. They did know she leaned toward television and motors... wanted a seasoned, objective appraisal of the opportunities in these industries.

Our "letter from a lady", and the word-for-word reply sent by Research, should make interesting reading for any investor... give him an excellent idea of a service he's free to call on anytime, too.

If you'd like to read copies of both (minus identification, of course) we'll gladly send them along. Or, better still, perhaps you'd like to have an analysis of your own holdings—or detailed information about some securities that interest you. Why not ask for a report? There's no charge, no obligation. Just write—

Department S-9

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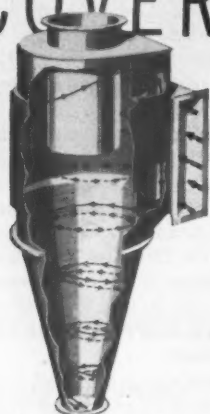
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# What to do about dust RECOVERY



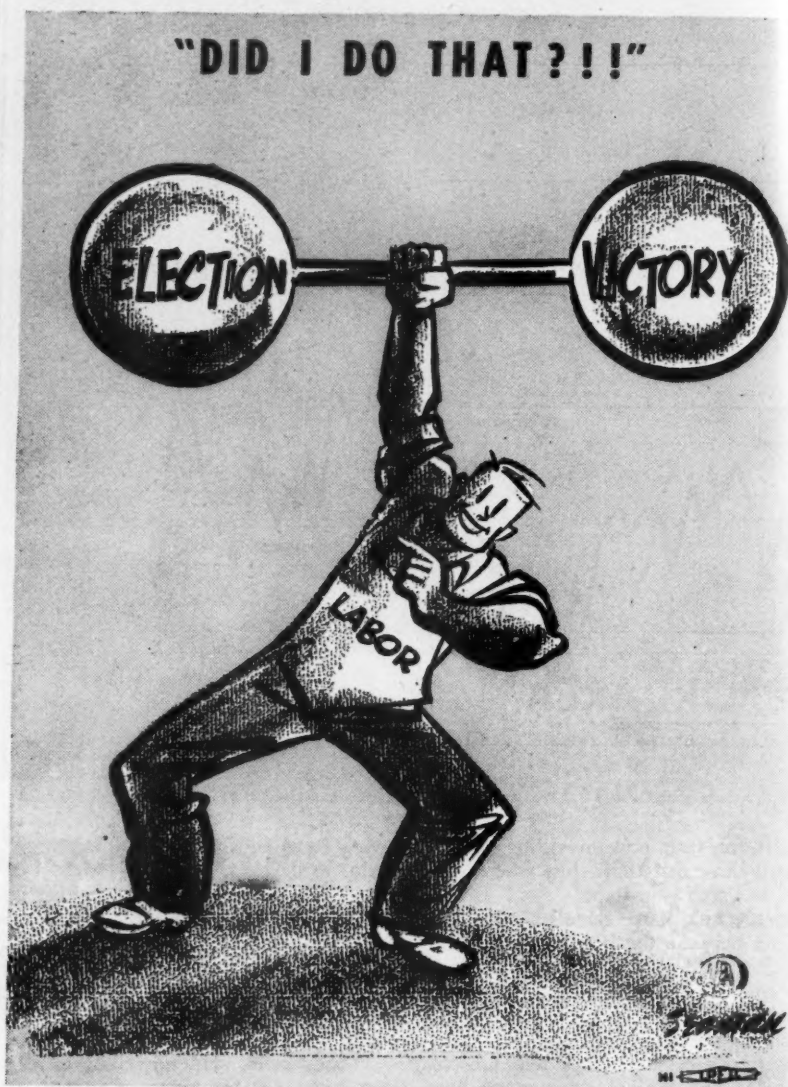
## Dollars to doughnuts

your attitude is "Show me!" Because the Buell van Tongeren Cyclone is so different its promise of better service on your job is important. Size, shape and proportion give it not only a decided efficiency advantage, but an assured freedom from plugging that is most important. And only the van Tongeren System has the "Shave-Off" which is the "pay-off" in any dust collection apparatus. The facts are marshalled for easy reading in a new 32 page catalog. Write: Buell Engineering Co., 60 Wall Tower, New York 5, New York.

# buell

Engineered Efficiency in  
**DUST RECOVERY**

## LABOR



COCKY ENOUGH to confess its surprise—as this widely syndicated cartoon for the union press reveals—labor is . . .

## Preparing To Cash In

A.F.L. and C.I.O. both convene to formulate policies for the year ahead, confer with Sec. Tobin on government action. Leaders want T-H law shelved even before it's repealed.

The American Federation of Labor met in convention this week in Cincinnati. Next week, in Portland, Ore., the Congress of Industrial Organizations meets. And never before has management felt such a great interest—and apprehension—about what might emerge.

• **Promissory Note**—The reason for management's concern, of course, was the

events of Nov. 2. No one is effectively contesting labor's claim to a major share of the credit for the election of Harry Truman and a Democratic Congress. The labor leaders feel that they hold a promissory note against the new administration.

Their feeling that they can get just about what they want from Washing-

ton was strengthened by Secretary of Labor Maurice J. Tobin (page 6). He was on hand for the opening of the A.F.L. sessions, then journeyed on to Portland to meet the C.I.O. Nominally, Tobin was present because of the standard invitation which both organizations regularly extend to the Secretary of Labor. But the fact was that he was there to get labor's views on what it would accept in the way of new legislation and reorganization of his department.

• **T-H Fate**—He found out that the first thing organized labor wants is assurance that between now and the time the Taft-Hartley act can be repealed, the law will be put on the shelf. Members of the National Labor Relations Board and the General Counsel's office will have to go through the motions of administering and enforcing the statute. But a word from the White House could be tantamount to a repealer. A few pending cases may be so far along that they will have to be processed. But if Mr. Truman agrees to labor's first demand, the T-H law will become a dead letter immediately.

Next—and most importantly—the unions want the law erased from the books. Once that is done, they indicate that they will be willing to talk about re-enacting some of its provisions. But that will be possible only within an entirely new statutory framework—one which will most closely resemble the Wagner act in its original form.

• **Surviving Elements**—Elements in the present law which are given the best chance of surviving—though modified in most cases—include:

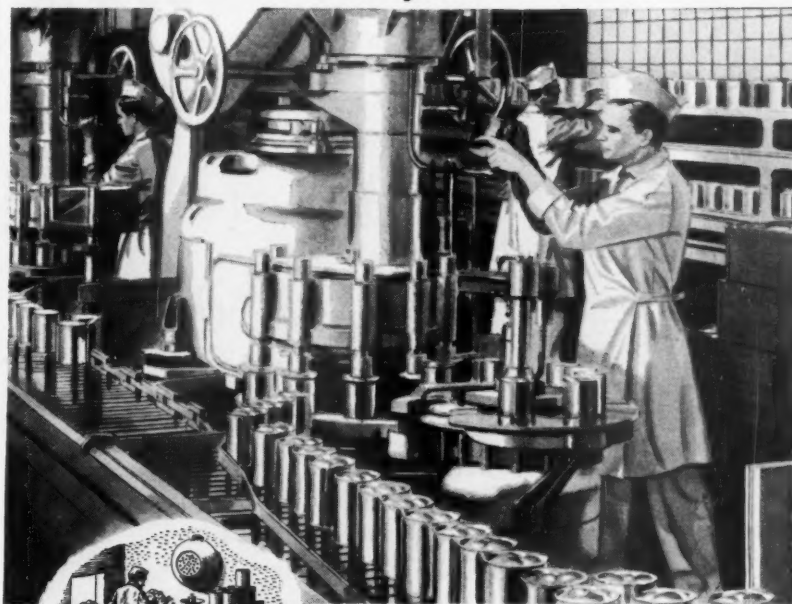
- (1) Discouragement of jurisdictional strikes.
- (2) Discouragement of some forms of the secondary boycott.
- (3) Provision for notice of intent to strike.
- (4) Provision for compulsory mediation in disputes vital to the public health and welfare.
- (5) Provision for financial accounting by unions to their membership.

The non-Communist affidavit may also get into the new law, although C.I.O. opposition might be strong enough to keep it out.

• **Nothing Else**—Most of the other provisions of the Taft-Hartley act are so uniformly distasteful to the labor movement that preserving them would cost the Democrats labor support. That goes for the closed-shop prohibition, the union-shop vote, the welfare-fund regulation, and all the sections of the law which give employers privileges which they did not enjoy under the Wagner act.

That is what labor wants on the legislative front, and it wants it fast. A.F.L. president William Green told Tobin that he saw no reason why a new labor

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of these and other clients in scores of industries are at your disposal. We invite you to call upon us for a discussion of your business insurance problems—and of course without obligation

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## MOBILIFT a top hand at cutting handling costs

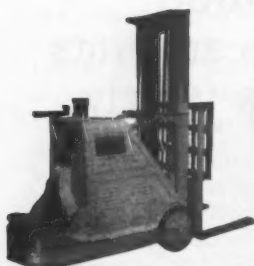
Most executives agree that material handling costs are too high. That is why so many industries have a pleasant surprise when they are introduced to the "Mighty Midget." They find that Mobilift's tremendous savings lower the point at which they can "break even" on production.

Mobilift is gasoline-powered for full-time, heavy duty service. Its compact design and short turning radius enables it to work in crowded areas. The fact that it has no gears to shift speeds operation—insures more trips per hour, more tonnage per day and less cost per job.

Plant executives who have felt they were not prospects for a lift truck report big savings once a Mobilift operation is installed. Regardless of how you now handle materials it will pay you to check up on Mobilift. Sign the coupon below and get the whole story on the thrifty "Mighty Midget."

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## Convention Issues

What happens at current A.F.L. and C.I.O. conventions may influence congressional action on many social and political issues. For this reason, more than usual attention attaches to this year's convention resolutions. It is through such resolutions that labor bodies express their policies.

Some of the most important will deal with:

- Foreign policy and Marshall Plan aid to Europe.
- An anti-inflation program. Next to labor legislation (page 110) this is the big issue at 1948 conventions. It's also one of the few issues on which A.F.L. and C.I.O. are in disagreement; C.I.O. wants price control; A.F.L. thinks it would just breed black markets.
- Broadened social security and national health insurance.
- An increase in minimum wage to 75¢ an hour, and possible extension of Fair Labor Standards (Wage-Hour) Act to more workers, including seamen.
- Federal aid to education.
- A federal, low-cost housing program.
- A civil rights program, including some form of fair employment practices law.
- A strong national defense program.
- Higher pay for government employees and changes in civil service laws.
- Communism—both foreign and domestic.

law could not be passed and signed by Mar. 1. C.I.O. people think even that's too long; they would like to see both a new labor relations statute and amendments to the minimum-wage law through by that time. And while the A.F.L. is not in such a great rush about minimum wages, it agrees with the C.I.O. that a boost from the present 40¢ to 75¢ would be "reasonable."

• **Concession**—But some labor officials will concede privately that a jump from 40¢ to 75¢ may be a bit too precipitous. They will be content to settle for a raise now to 60¢—if it carries with it a provision which, like the original act, will step up the figure 5¢ a year. Nevertheless, as experienced collective bargain-ers, they will go after the bigger package. They will reveal more modest settlement terms only if it looks as though



they are running into serious resistance. The unions are also eager to see the coverage of the wage-hour act extended, though there is no sign yet that employers have to worry about a new definition of portal-to-portal pay.

The social security system is also due for an overhauling. Labor's weight will be behind expanding its coverage as widely as possible, raising its benefits, and adding to the program some medical or health insurance provisions.

• **Labor Dept.**—The Administration and the labor movement do not expect to discover any differences in their plans for a strengthened Dept. of Labor. This has not yet taken concrete form; it may not until a broad agency reorganization program which Truman is having prepared is completed.

The only sticky item for the labor people may be the Federal Mediation and Conciliation Service: Congress might balk at putting it back into Tobin's department.

• **Honeymoon**—The unions look forward to a protracted honeymoon period in Washington. They will not forget, however, that what they can accomplish in Washington is only a means to an end. That end, as every employer is well aware, is the contract with management which sets rates of pay, hours, working conditions, and benefit provisions for the employees of American industry.

## LABOR BRIEFS

LAYOFF NOTICES are going out to 1,000 (of 3,000) U.S. Time employees in Waterbury, Conn. Company says the move was "only alternative" as result of a rising wage level. Employees belong to I.A.M. and an A.F.L. watch-workers' union.

BRITISH UNIONS had 7,758,262 members in 1947 (up from 4,695,000 in 1937). Annual union income rose from \$34-million to \$58.8-million; union financial reserves from \$72-million to \$200-million; contributions to Labor Party from \$504,000 a year to \$1.2-million.

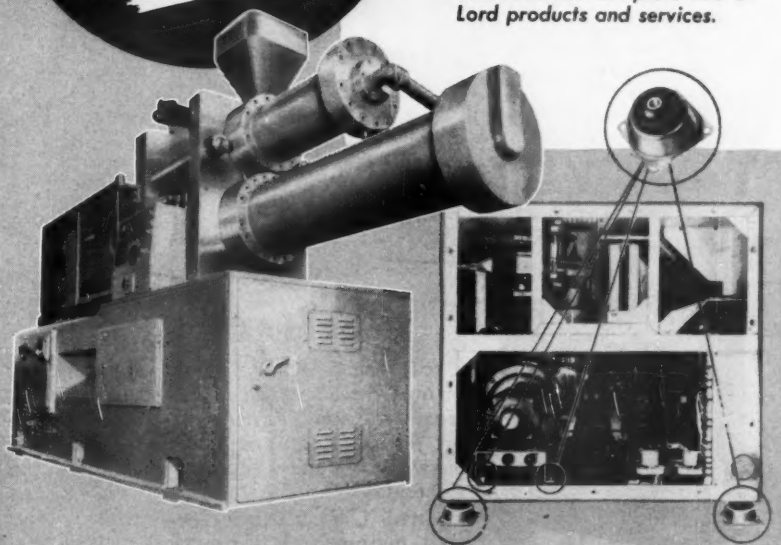
WILDCAT STRIKE at Chrysler's Detroit plant ended this week; dispute will be settled through contract grievance procedures. C.I.O. auto workers had charged "speedup" because of disciplinary action against two workers who didn't meet company production marks.

SUPREME COURT ruled this week that Congress had authority to outlaw some \$6-billion in back portal-to-portal pay. Refused to review a decision against employees of B. H. Hubbert & Son, Inc., a Maryland firm.

BUSINESS WEEK • Nov. 20, 1948

## Improved Efficiency in Plastic Molding Machines

Rockford's Prize Winning Design uses a **LORD** Vibration Control System



The entire cabinet containing the dielectric heating unit is mounted on Lord Holder Type Plate Form Mountings, and the blower within the cabinet is separately mounted on smaller mountings of the same type.

## LORD Vibration Control Systems

**LORD MANUFACTURING CO., ERIE, PA.**

Canadian Representative: Railway & Power Engineering Corp., Ltd.

**T**HE outstanding design features of the Rockford Hy-Jector Automatic Molding Machine won one of the five equal awards in an annual product design contest.

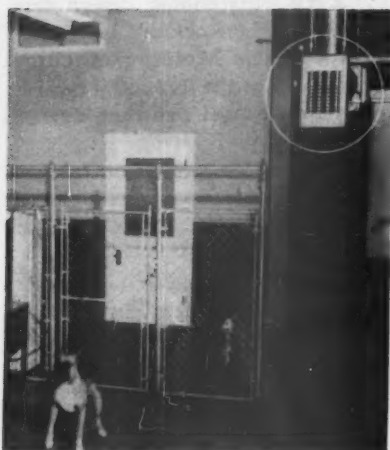
A Lord Vibration Control System is an important part of Rockford's design. Here's what Rockford says:

"In attempting to incorporate the maximum possible tube life and protection for the other components of the High Frequency R. F. Generator used in the Rockford Hy-Jector Automatic Molding Machine for Thermo-setting Materials, we chose the Lord Mountings because of their superiority in the field of Vibration Control. They have proven themselves in our application."

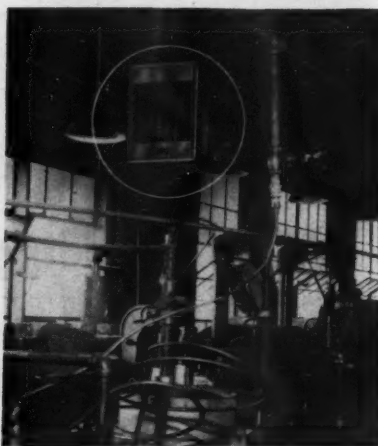
This is another example of improved product performance with a Lord Vibration Control System.

Write for Bulletin 900 today. It describes the complete line of Lord products and services.

## PET HOSPITAL OR PLASTICS PLANT



Constant, comfortable temperature is required and maintained in this modern small animal hospital. A single Janitrol heats complete establishment, cool air is removed from floor by simple installation of return-air duct.



One of a series of Janitrol Unit Heaters, each carefully located in a typical industrial plant, to assure ideal working conditions regardless of outdoor temperatures.



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**provide ideal heating at low cost**

From large industrial plants with a hundred or more Janitrol unit heaters to small retail stores with one Janitrol, thousands of users of Janitrol equipment have found the answer to clean, economical, automatic and dependable gas heating.

Janitrol Unit Heaters are simple to install, maintenance is practically nil.

To get all the benefits of gas\* heat, insist on Janitrol, compare features and performance records.

Remember too, only experienced, fully trained gas heating specialists install Janitrol equipment. Your dealer is listed under the Janitrol trademark in your local phone directory.

\*Janitrol Unit Heaters are available for Natural, Manufactured and LP-Gases.

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## Foremen Get Set

Unions of supervisors may be legal again if T-H is junked. One way to combat them: Make foremen feel like management.

Will the foreman of the future carry a union card? Industrial management is beginning to see that question as one of the most disquieting on the post-election labor front.

• **Rise**—Still vivid in management's mind is the meteoric wartime rise of foreman unionism. Selling the slogan that foremen were the forgotten men of industry, militant supervisors' organizations swept through company after company in the closing years of the war. Eventually, top management began to interest itself in the foreman's problems—but too late. Result: It took a law to stop the foreman-union movement.

Now, that law—the Taft-Hartley act—is headed for the discard. If the law that replaces it does not contain a specific ban on foreman organization, industry can be certain that a resurgent supervisors' unionism lies ahead.

• **Difference**—The next wave of foreman organization is apt to differ from the last in one important respect: A.F.L. and C.I.O. are likely to carry on vigorous recruiting drives themselves—instead of leaving the field to independent, exclusively foreman unions. Such a development will be even less palatable to management than its experience with nonaffiliated foreman-union groups. Against it there is only one defense: Make foremen so management-minded that they will be impervious to the blandishments of organizers.

That isn't easy. Management failed to do it once, and took refuge in legislation. That avenue of escape may not be open again. Instead, employers will find they have to expand and intensify programs which a few firms have been pioneering—programs designed to make supervisors "act management, think management, and be management."

Among recently inaugurated company programs, **BUSINESS WEEK** finds the following representative list worth watching:

**Packard Motor Car Co.:** A new program is designed to make supervisors feel that they are an integral part of Packard management. Some of the changes: Supervisors no longer have to punch time clocks; they get three-week vacations instead of two; they don't have to wear gate badges, carry management identification cards instead; they get a better rate of overtime pay.

**Bigelow-Sanford Carpet Co.:** Foremen and higher supervisors are being given a definite voice in formulating

company policies. They examine problems faced by supervisors, and make recommendations to top management. The recommendations may be rejected; but, if they are, the plant manager must give his reasons, in writing, to Bigelow-Sanford's chairman of the board and vice-president in charge of production. The company also has annual conferences of all supervisors at Stockbridge, Mass., at which company policies and programs are studied.

**Bridgeport Brass Co.:** Top management consults foremen when setting up the company budget, and when considering policy matters.

**Duplan Corp.:** Foremen and stockholders are brought together in factory towns for "all-management" meetings with company officials.

**Perfect Circle Co.:** The company has set up an advisory council of foremen to make recommendations on management matters.

**General Electric Co.:** A comprehensive program includes classes in which foremen and supervisors set up and "operate" an imaginary business in order to understand problems faced by management.

Other companies, including International Business Machines (page 22), Caterpillar Tractor, ATF, Inc., Eagle Pencil, National Cash Register, and Forstmann Woolen also have foreman programs under way. Some of the features: advisory groups, regular meetings with top management men, and special communication programs designed to keep supervisors up to date on top-office matters.

• **New Life for F.A.A.**—Meanwhile, the Foreman's Assn. of America—once the big wheel in the supervisory-union field—is showing new life. At F.A.A.'s annual convention in Buffalo recently, delegates vigorously condemned the clause of the T-H law that took away collective-bargaining rights from supervisory workers. (An employer can bargain with a union of foremen, but he doesn't have to. Supervisors aren't "employees" under the T-H law. They can't use its provisions to force a boss to bargain with them.)

F.A.A. delegates also voted a last-ditch fight to keep the union's membership intact pending a court fight on the T-H law. But that was before the election. Now F.A.A. is looking to Congress for help, rather than to the courts. And it's planning to step up organizing efforts—virtually at a standstill for the past year.

• **Big Unions Interested**—Both A.F.L. and C.I.O. are watching F.A.A. with interest. Both would like to charter F.A.A., if and when federal laws permit it—and if F.A.A. is interested. If they can't attract F.A.A., they will enter the field with their own units, once Congress flashes the green light.

## Repeat Performance of a Million Dollar Ad that's Saved Industry *Millions!*

When the ad reproduced below appeared in national and trade paper publications back in 1946, we had no idea that it would arouse such spontaneous, nationwide interest by management in cutting costs of material handling.

Since then, management, and those having to do with material handling in industry, have repeatedly told us the tremendous sums they saved by utilizing famous Automatic TRANSPORTERS in their product handling work... thanks to the ad that told about the business man "who found a way to save \$24,480.00 in his wastebasket" ... an amazing saving of 46%.

Transporter is a motorized hand truck that lifts and moves up to 6000 pound loads with easy fingertip, electrical control. Feather-touch, button control replaces back-breaking manual handling. One man does the work of three, releasing two men for more productive work. It truly lightens labor's load, and management's, too!

Automatic Transporters have saved industry millions of dollars in handling costs! It may be the answer to your problem of rising costs. Let us show you the savings it can effect in your business. It could be the competitive advantage you are seeking. Mail coupon.



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*Lightens  
LIFE'S LOADS*

**AUTOMATIC TRANSPORTATION COMPANY**

DIV. OF THE YALE & TOWNE MFG. CO.

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Please send without obligation, complete facts on how Automatic TRANSPORTERS can cut my material handling costs, and FREE CATALOG illustrating and describing money-saving material handling equipment.

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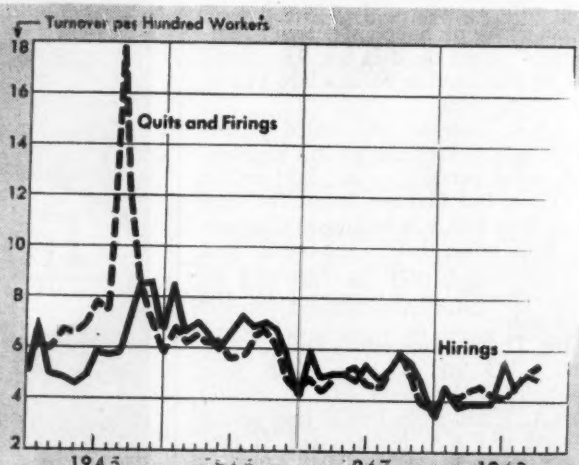
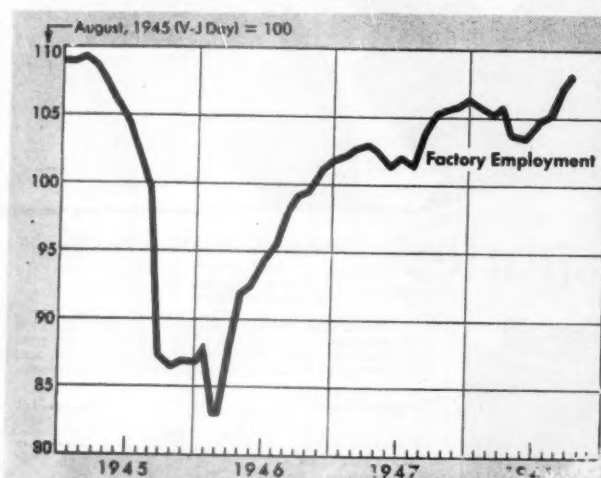
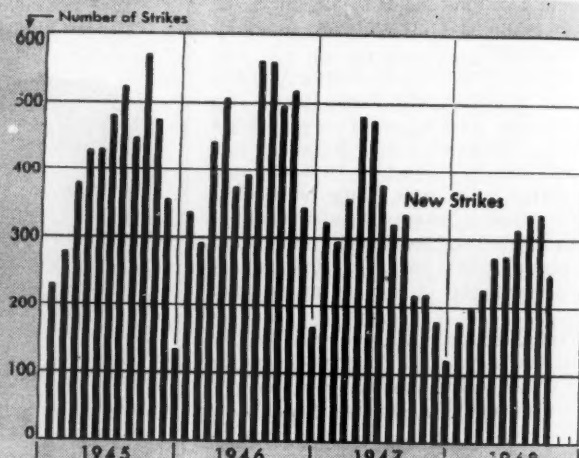
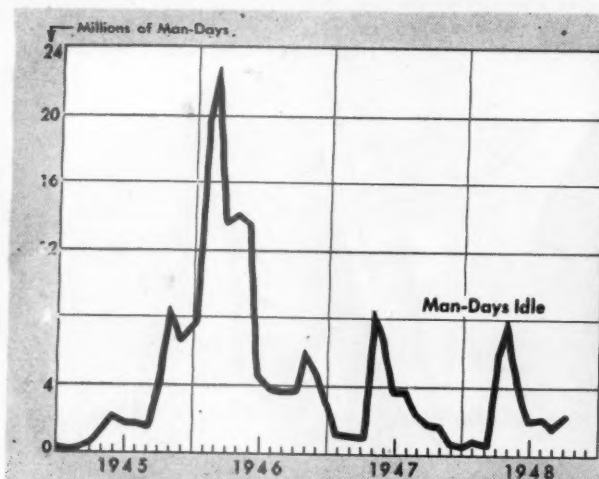
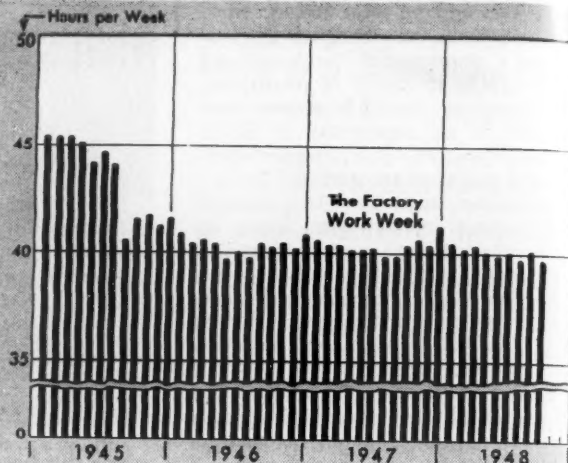
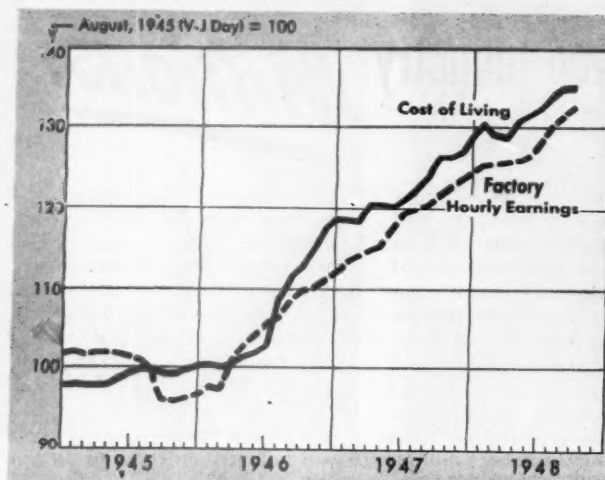
By.....Position.....

Street Address.....

City.....State.....



# A Quick Appraisal of the Labor Market



Data: Bureau of Labor Statistics

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# Balance Sheet

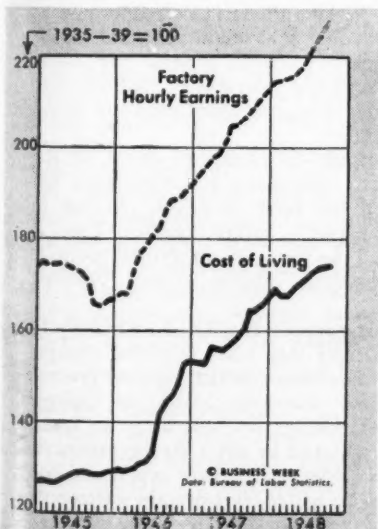
Third-quarter roundup shows living costs steady, wages and employment rising. Strikes turn upward in September.

During the third quarter of 1948, living costs virtually held steady. That may mark the beginning of a new period of stability in the cost of living. The climb in factory hourly earnings and the advance in factory employment were also notable developments.

• **Worker's Buying Power**—The average pay has risen almost 5¢ an hour since the second quarter (BW—Aug. 21 '48, p102). This, of course, reflects third-round wage boosts, some of which have not yet influenced the earnings curve. The net result is practically a standoff in the race between living costs and hourly pay since the end of the war in August, 1945.

• **The Labor Market**—Plant job rosters have rebounded from the effects of spring strikes and summer vacations to a new postwar high, almost level with the war-swollen employment in factories during early 1945. Meanwhile, the factory work-week has held even at about 40 hours. And the rate of quits and hirings, although it fluctuates seasonally, is at the lowest point of the postwar period. All of this suggests that personnel managers are filling their manpower needs more readily than before, without excessive costs either in overtime or in turnover.

• **Strikes**—For the quarter, the number of strikes and of man-days idle followed the declining seasonal pattern of recent postwar years. September, however, saw an upturn in both measures of strike activity.



BUSINESS WEEK • Nov. 20, 1948

From crystal and cat whisker . . .



to FM and TV

Remember your first "wireless receiver"? . . . how you sent away for a handful of strange parts and a puzzling diagram? . . . and your excitement when you were finally rewarded with your first faint squeak of transmitted music?

Compared to early radios, today's highly selective, high-fidelity instruments are almost unbelievably complex. That they are nevertheless so reliable is a tribute to modern engineering . . . and testimony to the host of little parts, gadgets and assemblies on the job within. At the right are shown a few of the many currently being supplied to the radio and television industry by United-Carr and its subsidiaries.

Are you looking for new ways to cut costs, speed production, turn out finer finished products? Let our design engineers show you just where "Little things make a big difference." United-Carr Fastener Corp., Cambridge 42, Massachusetts.

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MAKERS OF **DOT** FASTENERS



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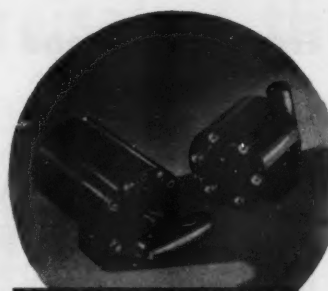
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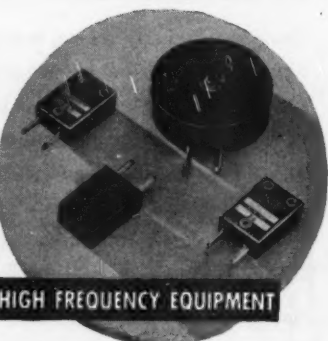
TRANSFORMER TAP CHANGER



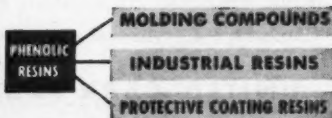
SIGNAL CONTROL UNIT



DISTRIBUTOR PARTS



HIGH FREQUENCY EQUIPMENT



**PHENOLIC PLASTICS THAT FIT THE JOB**



NLRB CHAIRMAN Paul Herzog faces a problem: Should NLRB go all out to...

## Enforce T-H?

Although repudiated in voting, the law is still on books. Board will go through motions of administering it, but ease up.

The Taft-Hartley act will give way before a new Thomas-Lesinski act early in 1949. (Sen. Elbert D. Thomas and Rep. John Lesinski will be chairmen of the Labor Committees in the 81st Congress.) Until it does, the National Labor Relations Board must continue to administer the lame-duck T-H law.

• **Problem**—NLRB's problem is this: Should it continue to enforce the law, in full, as if nothing had happened? Or should it avoid wasting time and funds, and pigeonhole cases involving principles of law that are certain to be changed?

This isn't a problem that can be confined to the board's administrative offices in Washington. It weighs just as heavily on trial examiners and board attorneys scattered around the country. And the uncertainty that it raises extends to management men and union attorneys.

• **Attitude**—Obviously, no one in NLRB has any enthusiasm for enforcing a law which has been, in effect, rejected in the nation's voting booths. This is bound to show up in NLRB policies during the interim period between laws.

For example, the board isn't likely to dig deeply into cases involving charges of unfair labor practices against unions.

Some decisions based on charges against unions are still likely to come through—and to stir a strong union reaction. Many cases have progressed too far to be halted. But despite statements to the contrary, NLRB can be expected



to go easy from now on in its handling of T-H cases.

• **Official Stand**—NLRB Chairman Paul Herzog and General Counsel Robert N. Denham have said that T-H enforcement policies can't be altered because of election results. Denham, in particular, insists he is committed to enforcing the law as it stands. He must go to court immediately for an injunction if he issues an unfair-labor-practice complaint against a union. He is under the same compulsion in cases involving secondary boycotts and jurisdictional disputes.

But Denham can exercise discretionary power in deciding when such a complaint should be issued. It will be only human for him to decide future charges in the light of the election.

Denham does not intend to resign his job. He will have to be legislated out of it. His term runs until July, 1951.

• **Carryover Cases**—NLRB hopes that the new law will have provisions for dealing with cases pending under those parts of the T-H law that are repealed. The board didn't have any such help in shifting from the old Wagner act to T-H. The members had to decide how to handle hangover cases.

Rules for carryover cases are important for this reason: Most actions brought by employers now stand little chance of being handled by NLRB before the T-H law goes out the window. Currently, it is taking six to eight months to process each NLRB case.

• **What to Do?**—What are unions and employers going to do in the interim? There were two schools of thought at the A.F.L. convention in Cincinnati this week: One thought the closed-shop ban should be ignored now; the other felt the law should be respected as long as it's still on the books. Chances are each union will go its own way.

There are signs that some employers already are signing contracts contingent on court decisions, or on a change in the federal labor law. The cave-in by West Coast shippers on the hiring-hall issue is one example (page 120). Another can be found in the building industry; contractors are signing union-shop contracts without the formality of union-shop elections required under T-H. They are backstopped by advice from Denham, who realized he couldn't hold the necessary polls fast enough. (In two recent cases—C. Hager Mfg. Co. and General Electric Co.—NLRB has held that union-shop contracts made in advance of a T-H vote are illegal.)

**The Pictures**—Acme—118, 120; Harris and Ewing—Cover; Int. News—46; Keystone—26 (right); Seaman (LPA)—110; Wide World—21, 26 (left), 120, 131.



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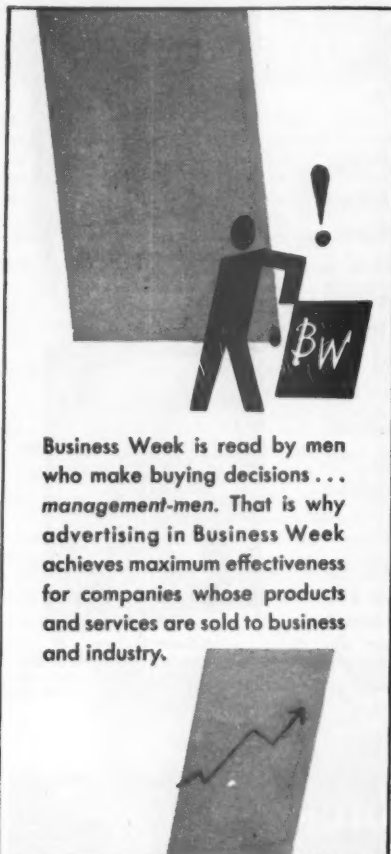
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C.I.O. AIDES Thomas (left) and Haywood (center) back Bridges (right). But . . .

## Strikes Hamstring U. S. Shipping

Pacific Coast walkout seems near settlement as that in Atlantic ports becomes tighter and talks bog down over wages.

Spreading longshoremen's strikes this week had deep-water shipping on East and West Coasts bottled up tight.

**In Atlantic ports**, a rank-and-file stoppage by A.F.L. cargo-handlers became an official strike and spread the length of the coast (BW—Nov. 13'48, p108). It was reported 100% effective by mid-week. Negotiations on a contract were stalled over a wage issue.

**In Pacific ports**, negotiations to end an 11-week dock strike were said to be "progressing satisfactorily." It looked as though employers and the International Longshoremen's & Warehousemen's Union (C.I.O.) would get a quick settlement. C.I.O. "troubleshooters" Allan Haywood and R. J. Thomas were sitting in on contract talks.

• **Wages**—The main issue on both coasts is the size of a wage increase.

Atlantic and Pacific stevedoring companies have offered 10¢ an hour more. International Longshoremen's Assn. (A.F.L.) rank-and-filers rejected this figure, then walked off their jobs. And I.L.W.U. is holding out for 15¢.

The troublesome hiring-hall issue on the West Coast has been settled. Employers have now agreed to continue the hiring hall in its present form; they had refused to do so before, contending that it is a closed-shop practice, illegal under Taft-Hartley. Employers gave in on the hiring hall on the assumption that the recent election doomed the T-H ban on closed shop contracts.

• **Overtime Issue**—Employers and unions on both coasts have also agreed on how to tackle the controversial over-

time-on-overtime problem (Oct. 16'48, p108). They will draft contracts which provide that no employee shall work more than 1,000 hours during any 26 consecutive weeks.

Instead of overtime for work in excess of 40 hours a week, employers will pay time-and-a-half for work done before or after specified "day" hours, or during week-ends.



A.F.L. DOCK CHIEF Joseph Ryan takes up fight for wage hike in Atlantic ports

# INTERNATIONAL OUTLOOK

BUSINESS WEEK

NOVEMBER 20, 1948



Moscow is now using the Berlin crisis to angle for another Yalta deal.

That's what lies behind Vishinsky's bid for a meeting of Stalin with Truman, Attlee, and Queuille. It would cover a Japanese peace treaty as well as one for Germany and Austria.

Moscow's idea is to use Berlin as a bargaining counter to get from Truman the kind of concessions he got from Roosevelt.

The U. S., Britain, and France have turned thumbs down on this idea. They refuse to talk even about Germany until the blockade is lifted.

But the initiative remains in Stalin's hands. He can still use Berlin to:

(1) Draw U. S. attention from the communist advance in China (page 125). This is shifting the balance of power in the Far East against the U. S. All of South East Asia could crumble if Washington doesn't come up soon with a positive policy for the Pacific.

(2) Keep up the war tension in Europe. This is forcing Marshall Plan nations to divert their resources from recovery to rearmament.

•  
Discount reports that control of Ruhr industry is being handed back to the Germans.

The regulations issued last week by the U. S.-British military governments do turn day-to-day management over to German hands. But actually the new rules are meant to:

(1) Give the U. S. a dominant voice in control of steel. This already exists in the joint U. S.-British coal set-up. Until last week the British still bossed the steel industry.

(2) Reverse the British decartelization policy (BW-Jun.19'48,p120). This had split off coal, coke, power, and fabricating from the big steel combines. The combines will still be reorganized but will not lose the advantages of vertical integration. (To U. S. officials the British plan looked like an effort to rig German industry for separate nationalization of coal, steel, etc.)

(3) Leave the question of private vs. public ownership to a future German government.

•  
Paris interprets this policy as pro-German. It has already raised objections at the London conference on international allocation of Ruhr resources (BW-Nov.13'48,p115).

What's more, French foreign office officials think they may get British backing in this case.

Reason: The British are worried over U. S. proposals to lift the ban on German shipbuilding. Shipyards in Bremen and Hamburg can't build anything over 1,500 tons now. But the U. S. has suggested that they produce ocean-going vessels. The idea is to have ships built for foreign account, probably for Norway and Sweden, with the buyer supplying the steel. This would be competition for British yards.

You can be sure, though, that this shipbuilding issue won't disrupt present U. S.-British plans for the Ruhr.

•  
The Anglo-American Council on Productivity is off to a good start. That's the feeling of U. S. members.

But don't look for a payoff for a long time yet. The Council is just beginning to dig in. It will be spring before its committees report on:

(1) Whether there's been an increase or decrease since the war in the



# INTERNATIONAL OUTLOOK (Continued)

**BUSINESS WEEK**  
**NOVEMBER 20, 1948**

amount of mechanical power per worker in British industry. (Rough estimates put the ratio in the U. S. at twice that in Britain.)

(2) A basis for measuring productivity accurately so that useful comparisons can be made between U. S. and British experience.

(3) Applying in Britain the U. S. practice of concentrating production of parts and components in specialized firms.

(4) A program to sell productivity to the British people.

•  
There are signs that the Dutch will soon come to terms with the Republic of Indonesia.

The Dutch want to cut their military expenditures. Also get ahead with their scheme for a United States of Indonesia.

The Indonesian Republicans have been badly shaken by the recent Communist uprising. And they are being hurt by the Dutch blockade of their trade. So they are inclined to call it quits.

The State Department will welcome an agreement, too. The U. S. is a member of the United Nations Good Offices Committee, which was set up to settle the dispute. As such, we have drawn fire from both sides. A settlement would be a feather in our cap as well as UN's.

American businessmen would benefit, of course. They would like to see the U. S. rebuild its normal trade with this area. Prewar we got 30% of our rubber, 30% of our tea, 90% of our quinine, 10% of our tin, from the Dutch East Indies. And 30-odd U. S. companies have an estimated \$250-million invested there.

•  
Uruguay has signed a trade pact with western Germany. It is the first South American country to do so. The deal calls for an exchange of goods worth about \$13.5-million each way.

Uruguay will sell feeding stuffs, wool hides, and an assortment of animal products.

Bizonia has offered steel, capital goods, chemicals, jewelry, leather goods, and precision instruments.

Similar agreements may follow with Argentina, Brazil, Chile, and Peru.

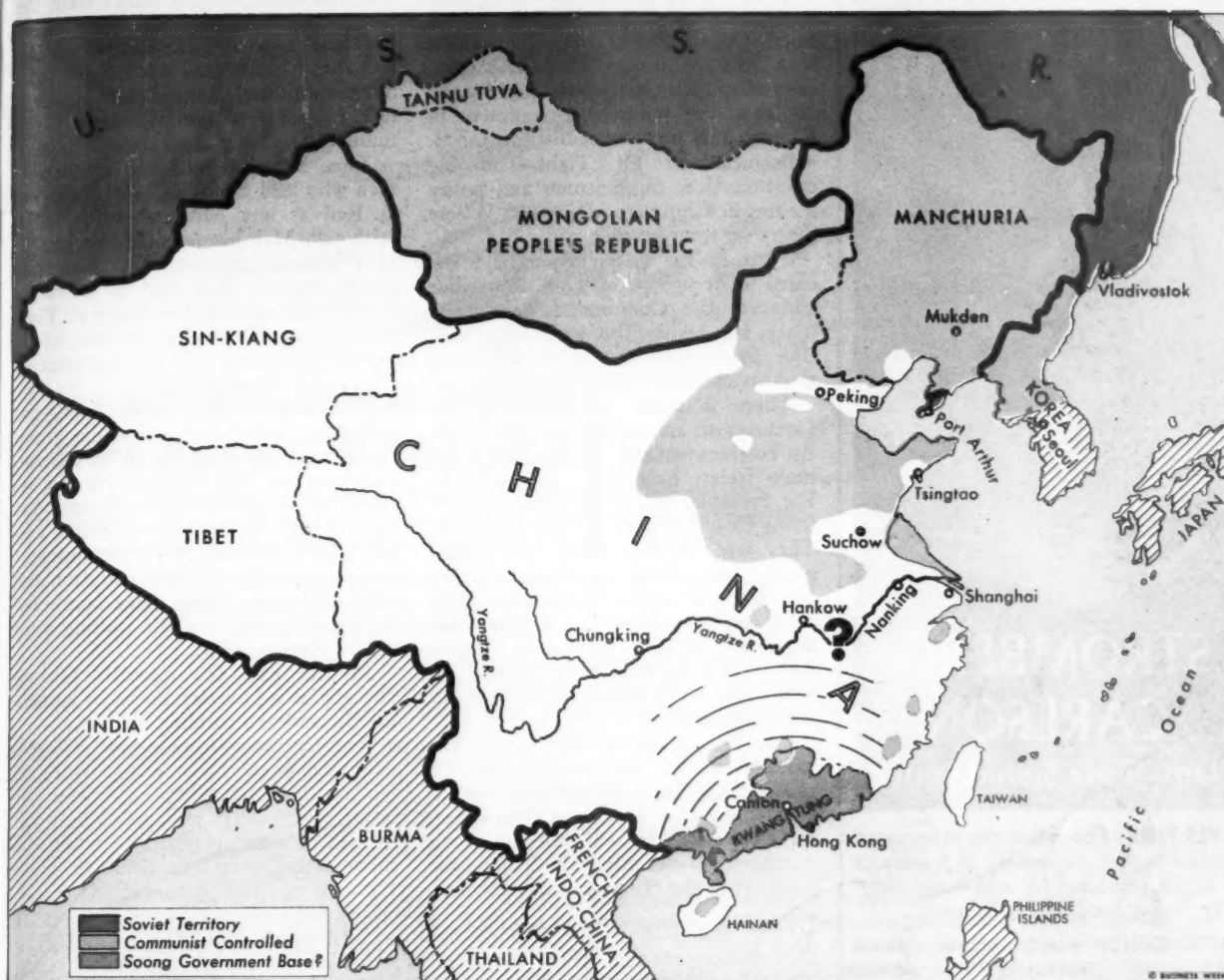
•  
The way has been cleared for Standard Oil of New Jersey and Socony-Vacuum to become partners in American Arabian Oil Co. (Esso will get a 30% interest, Socony 10%.)

This deal has been blocked for almost two years by a fancy international tangle. Here's the story:

Esso and Socony are shareholders in the Iraq Petroleum Co. Others are Anglo-Iranian Oil Co., Compagnie Francaise des Petroles, Royal Dutch-Shell, C. S. Gulbenkian. All were bound before World War II by the so-called "Red Line" agreement. Under this, the shareholders agreed that if any one of them entered into a new productive arrangement in the Middle East oil area (apart from Iran and Kuwait) the others would be cut in on the deal.

At the end of the war, the two American companies argued that occupation of France had made it an enemy state, thus invalidating the agreement. Therefore, they could tie in with Aramco on their own to exploit Saudi Arabian oil resources. The French company objected, then agreed to a new setup under the Red Line agreement. But C. S. Gulbenkian, a legendary figure in Middle East oil, held out until a week or two ago. Then he settled out of court.

# BUSINESS ABROAD



A RED FUTURE is in store for one-fifth of the world's population because the West failed to stop . . .

## Communism's March Through China

U. S. businessmen plan to stay there, try to do business with the Communists. That's the brightest of grim alternatives.

SHANGHAI—China's civil war has reached the Appomattox stage. This week's climactic battle for Soochow looks like Chiang Kai-shek's last gasp. • **Losing Horse**—No amount of U. S. arms, dollars, or advice can turn the tide now. Sporadic fighting may continue for months—maybe even years. But the fact is the United States backed a losing horse—and the central power in China is passing into Communist hands.

This is the way China's war map looked last week:

**North China.** Manchuria is solidly in Communist hands. So is the rest of the North China coast except the Peking-Tientsin corridor. This strip of

territory is still held by Nationalist forces under Gen. Fu Tso-yi. But the Communists could take it almost at will.

**Central China.** Communist forces continue to move south, generally on a line 50 to 70 miles north of the Yangtze River. Soochow is surrounded. The only thing that might make the Communists steer clear of Nanking and Shanghai is the fear of mass rice riots. Last week more than 100 rice shops in both cities were stormed by angry, hungry mobs.

**South China.** T. V. Soong, Chiang's brother-in-law, and governor of Kwangtung Province, has been holed up in Canton for many months, building his

own army. Soong may be able to hold all or part of his province. But he is bitterly opposed by strong political and popular elements both in Kwangtung, and in neighboring Kwangsi. Reports from South China tell of large-scale lawlessness. There is evidence of a strong communist force in the making there.

• **Chiang's Future**—Against overwhelming odds and without the least support from his people, Chiang Kai-shek has sworn he will hold out to the bitter end. But there is some chance that his own high command will toss him out. That might result in China's moderate vice-president, Gen. Li Tsung-jen assuming command of what is left of the Nationalist armies in Central China. In this event the Communists might accept a truce for the time being. Probably such a truce would later lead

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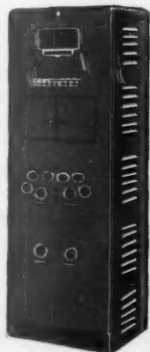
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to a Communist-dominated "coalition" government for North and Central China at least.

T. V. Soong or other Kuomintang-ers from Kwangsi province might hold South China. But it is equally possible that the Communists' momentum may carry them over the whole country. In any case, the dominant government in China would be Communist-controlled.

• **Businessmen: Sit Tight**—The big question U. S. businessmen and policy makers in China are asking is: "Where do we go from here?"

Most of the businessmen have decided to sit tight, keep U. S. firms alive wherever the Communists take over. They are taking the gamble because they figure that the worst the Communists can do is tell them to go.

There is some evidence that the Communists are eager to have the Western businessmen stay. More than a few trade feelers have come out recently. For example, the Communists are offering to sell soy beans, furs, and wool. They want to buy cloth, oil, capital goods, and a long list of other items. Russia can't supply these now, probably won't be able to for a long time. So, many Western businessmen figure they might as well hang around. It won't cost much and is better than losing everything.

One banker put it this way: "We may be kicked out straight off. Or maybe the Communists will kid us along for a year or so and then dump us. Or maybe they will welcome us for continuous trade. After all, China must trade—and the Communists are realists."

• **U. S. Policy**—But the fate of the U. S. businessman in China hinges on the policy Washington adopts toward a Communist government there.

Most old China hands quake at the thought of a "Truman Doctrine" for China at this late date. They say it would not only be a senseless waste of money, but also might seriously cripple waning U. S. prestige in the Far East as a whole.

On the other hand, the U. S. certainly will not blandly accept a Communist government in China as a good business partner.

More likely, our policy will be one of cautious support to healthy anti-Communist opposition forces. This will be coupled with a cautious investigation of the chances of doing business with the Communists themselves.

• **Hard Lesson**—Any future U. S. policy toward China must take into consideration the hard lesson of the past few years. Secretary of State Marshall hinted at this lesson last February when he told Congress: "The U. S. should not be put in a position of being charged with direct responsibility for the conduct of the Chinese Government and

its political, economic, and military affairs."

What Marshall was saying in effect was that the U. S. just didn't have the resources to keep a man like Chiang Kai-shek in power. He recognized the fact that China's civil war was no mere Soviet-sponsored coup d'état. It is, in fact, a social revolution, which the Communists have been smart enough to lead.

True, Mao Tse-tung and his henchmen who lead China's Communists are as Red as any Moscow ward heeler (although Mao has not had the benefit of a Moscow "education"). But they aren't winning their war by following the Soviet line—and they know it. They are winning by playing on the monumental corruption and incompetence of Chiang's government.

• **Alienation**—Over the years Chiang has alienated almost every economic group in China—peasants, labor, businessmen, and even his own soldiers. He has refused to undertake land reforms, has been unable to establish a sound currency, and is leader of an incompetent and graft-ridden civil administration and army. All these things have combined to deliver China into the waiting arms of the Communists.

In the past few months Chiang virtually sealed his own doom by launching his abortive currency reform.

• **New Currency**—On Aug. 19 China's new gold yuan currency was issued to replace the stratospheric Chinese dollars. Price ceilings clamped on at the same time were supposed to produce a miracle that would continue to make the gold yuan worth something. Gold, silver, and foreign exchange were called in by the government.

Despite warnings by almost every U. S. observer in China, Chiang refused to provide anything like an efficient administration for his reforms. He spurned rationing, preferring to enforce his price-control edicts with ruthless police tactics. His show of force only served to weaken confidence in the new money.

• **Failure**—Within a month the dam began to break. Farmers would not sell their rice for gold yuan notes. City merchants who didn't close up shop were the victims of an unbridled buying spree. Businessmen by the thousands were ruined in the resulting collapse.

Exports stopped flowing. Tung oil, for instance, which was earning the Chinese good revenue before August, stopped completely. The government's ceiling price was prohibitive. Last week on the free market, tung oil was selling at almost eight times the government ceiling.

• **Middle Class Hit**—Perhaps the hardest hit by Chiang's currency reform were the middle class families who were forced to sell their gold and silver holdings. Take the case of the 53-year-old widow here who owned 20 ten-ounce



# RCA's AUTOMATIC TAPE TRANSMISSION

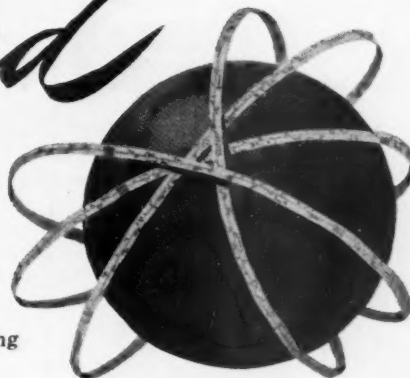
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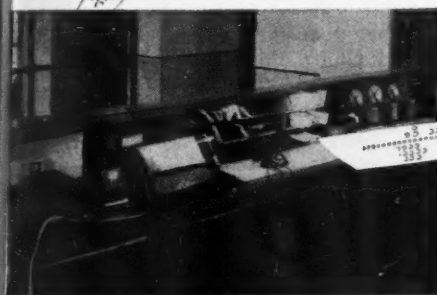
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WILLIAM A. MILLER, Secretary-Treasurer

gold bars (worth \$7,000 in the U. S.). The government paid her 4,000 gold yuan for the whole 200 ounces. Today 4,000 gold yuan is worth only \$50. The life savings of thousands of families were similarly wiped out.

By the end of October the crisis was reached. Despite one of the biggest harvests in years, starvation threatened the big Yangtze Valley cities. The farmers just would not sell their hoarded grains. Riots broke out. Soldiers, who could not get food, quit and went home or deserted to the Communists.

• **Defeat**—On Nov. 1 the Nationalist government threw its whole economic program out the window. The defeat was complete. Now, even with price ceilings off, the farmers are refusing to sell their grain for any amount of paper money. All this did for Chiang was to hasten his inevitable downfall.

With the economic disaster came the military debacle in Manchuria. Here Chiang had some of his crack troops—trained and equipped by the U. S. But many of these deserted to the Communists without firing a shot.

• **Mass Desertion**—Chiang had been warned time and again by U. S. advisers that he couldn't hold Manchuria. But he gave the order to retreat only after it was too late. His soldiers deserted in regiments. With them went tons of U. S. military equipment; probably well over half of the military aid supplies sent to China by the U. S. are in Communist hands. As one observer quipped, "The Nationalist armies

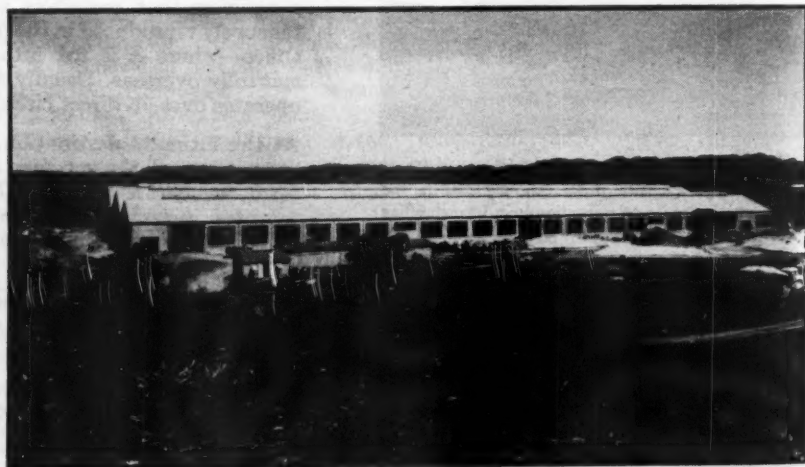
are now functioning mainly as a supply organization for delivering U. S. arms to the Communists."

Communist leaders were quick to exploit this mass defection. Through their propaganda channels they lured members of Chiang's bureaucracy and even his secret police with offers of jobs in a Communist government. And there have been a lot of takers.

• **U. S. Responsibility**—The tragic part of this sordid tale is that all the while the average Chinese has held the U. S. responsible for keeping Chiang on his feet. It no longer mattered to the man on the street in Shanghai that the U. S. had saved him from the Japanese. It didn't matter that part of his rice, that his cousin's tractor, or that the medicine at a Shanghai hospital all were financed by the U. S. taxpayer. More important to him was the fact that U. S. dollars were helping Chiang's government.

As the direct result of American policy in China since World War II, the U. S. today is almost universally identified with the old feudal system and with foreign intervention in China's affairs. That identification is what the U. S. taxpayer has realized on about \$2-billion invested in aid to China since V-J day.

• **Rebuilding Job**—The U. S. now faces the task of rebuilding its influence in China almost from scratch. How Washington will do it is still unknown. But in China, the consensus among long-time residents—both diplomats and businessmen—is that it would be a very



## Puerto Rico's Drive Nets Another Plant

The Crane Co.'s new \$1-million chinaware plant offers the latest evidence that Puerto Rico's drive to attract industry has been paying off. Around the first of the year it will be turning out china for the local, Central American, and U. S. markets. The new company is headed by Earl Crane, who is also president of the Iroquois China Co., Syracuse, N. Y. At the Veja Baja plant,

Crane will manufacture the Iroquois line. Pittsburgh's McCloskey Co., which has been doing a considerable business in Puerto Rico, is building the rigid-frame steel structure. The new company will benefit from the island's 12-year tax-exemption law (BW—Feb. 7'48, p105). And it has also had a hand from the Puerto Rico Industrial Development Co.

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poor start to go all out with aid to Chiang or to some of his war lords who might manage to set themselves up in isolated communities with fragments of the defeated Nationalist armies. These observers hope Washington will adopt a middle-of-the-road program something like this:

(1) Use what's left of ECA funds for food relief wherever necessary.

(2) Tell Chiang that he is finished, and that the U. S. is finished with him.

(3) Make contact with the Communists as they take over, to see whether it is possible to do business with them. If so, begin trading.

(4) Maintain similar contact with non-Communist areas, but keep relations on a strictly commercial basis.

(5) Create a fund with which to finance legitimate reconstruction projects on a non-discriminatory basis. This fund should be held ready pending evidence of a sincere Communist desire to play ball.

• **Kind of Government**—Such a program, of course, presupposes that a Communist government in China will not be cut from the same cloth as those in Poland, Bulgaria, and Rumania. Some U. S. observers think there is a chance that it won't be. It would be foolish, they say, to think that the Communists can whip 400-million Chinese into line with Marxist slogans and Marxist terror.

• **Advantages**—Some observers also say that it will be an economic advantage if the U. S. can do business with a Communist government in China. They point out that a self-supporting, non-Communist Japan must trade with China, particularly with Manchuria. Otherwise U. S. taxpayers will have to support Japan for many years to come.

Washington will have a tough time swallowing these arguments. But the alternatives look even worse. One would be all-out war now; another would be to write off China completely.

• **The Alternatives**—The U. S. probably could settle the issue if it were willing to send a million well-equipped troops and aircraft into China. It would have to follow up by taking complete control of the Chinese government. And the end result might well be World War III.

Or the U. S. could write off China completely. It is hard to deny that, in any future war with Russia, China would be a military liability to the U. S. It is completely indefensible.

At the same time Russia could hardly consider China much of an asset to its side. Industrially, China is a fourth-rate power, it couldn't possibly arm itself for modern warfare. Russia could hardly fill the gap.

• **No War**—It is almost a sure bet that the U. S. will not go to war in China now. But it will withdraw completely only as a last resort.



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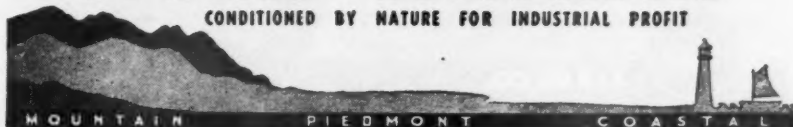
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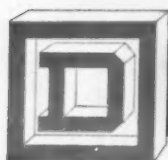
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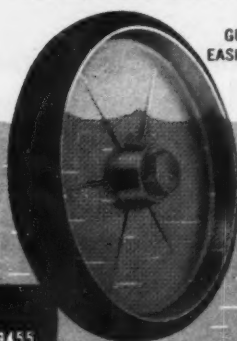
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## ECA'S LEDGER

### Reports From Washington

What U. S. firms are getting business from ECA? You can get an idea from the figures now available for the month of August. By Commodities orders looked like this:

**Cotton.** Anderson, Clayton & Co., Houston, Tex., got more than \$27-million worth of orders. It was the biggest private U. S. supplier of any commodity during the month of August. Some 70 other U. S. cotton companies got smaller orders.

**Coal and Coke.** Big coal orders were handled by: C. H. Sprague & Son Co., Boston (\$5.6-million); General Coal Co., Philadelphia (\$3-million). Smaller orders were handled by 25 other U. S. companies.

**Flour.** More than \$7.6-million worth of flour orders were split up among 67 U. S. and 28 Canadian firms.

**Wheat.** Some 21 private Canadian wheat companies provided Britain with \$11.3-million worth of orders. Wheat buying in the U. S. was done through government agencies.

**Petroleum Products.** Caltex Oceanic, Ltd. (an affiliate of the Texas Co.) got \$2.5-million worth of orders; Esso Export Corp., New York, \$3.8-million; Socony Vacuum Oil Co., New York, almost \$2.5-million. Smaller orders were handled by 13 U. S. firms, one South American firm.

**Metals and Metal Products.** The American Metal Co., New York, handled \$1.5-million worth of orders. Two Canadian firms and 17 other U. S. firms handled smaller orders.

**Chemicals.** Corporacion de Ventas de Salitre y Yodo de Chile got more than \$1-million worth of orders for nitrate of soda.

**Tobacco.** The Imperial Tobacco Co. of Virginia supplied \$10.6-million worth of tobacco orders. Some 22 other U. S. companies supplied about \$2-million worth of orders altogether.

**Machinery.** Clyde Iron Works, Duluth, Minn., supplied \$500,000 worth of cranes and parts; five U. S. firms supplied \$368,000 worth of farm machinery; six firms, almost \$1-million worth of railway car parts. In August machinery orders were very small. There were no orders for machine tools.

### Reports From Abroad

Laws governing ECA say that each country must foot the bill for administration costs within its own borders. The money actually comes from counterpart funds—local currency set aside in each country about equal to the dollar-aid received.

This system gives Finletter and his

men a lot of banking headaches. The British Treasury has set up a special account to which 5% of Britain's counterpart fund is channeled. (This account covers both local ECA expenses and purchases of strategic materials from the sterling area for U.S. stockpiles.) Washington holds ECA's London staff strictly accountable for how this money is spent. So each check drawn on the account has to be carefully segregated from any other sterling ECA's London staff may have. Likewise, the bank has to be instructed when an individual check applies to ECA's special account rather than to some staffer's personal account.

### Other Developments

**Austria.** ECA Washington has given Austria the green light to spend some 331-million schillings from its counterpart fund (roughly \$33.1-million at the current exchange rate). Most of the money will go to rebuild Austrian roads and highways, postal and telegraphic facilities.

This amount represents about a third of the counterpart fund which Austria built up under the interim aid program that preceded ECA. ECA estimates another 2-billion schillings will be added to the counterpart fund during the first year of the Marshall Plan.



### Foreign Traders Meet

Robert L. Loree (standing), chairman of the board, National Foreign Trade Council, Inc., got a special award last week for promoting U. S. trade abroad. The occasion was the 35th National Foreign Trade Convention held in New York. Also present at the convention were Charles Sawyer (left), Secretary of Commerce, and Thomas I. Parkinson (right), president, Equitable Life Assurance Society of the U. S.

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# THE TREND

## How High Support Prices?

American farm production was expanded by some 30% during the war. It has been kept high since the end of the war. A major reason for this large output has been the promise, legislated by Congress, that the government would support farm prices at high levels.

Much has been written and said about supported farm prices and their effect on the cost of living. Most of this has been uttered with more or less bias. A lot of it has shown little understanding of parity and support prices. Some even has ignored the facts, if these got in the way of making a particular point.

Actually, until recently, the promise of federal support had little or nothing to do with the cost of living. Supports encouraged farmers to plant more crops and grow more livestock. By increasing supplies in this way, it can be argued, they helped prevent prices from going even higher than they did. And about the only items that the government was called upon to support—the only ones in which supply got ahead of demand—were potatoes and eggs.

The elements of the case were simple. The average family in this country had more money than ever before. Needs abroad were huge. Prices were bid far above support levels. Most items still are above—notably meats.

But the basic situation has changed. The most pressing demands of Europe for food have been met. We have raised in 1948 huge crops of corn, wheat, and cotton. We are confronted with surpluses. Production won't fall much as long as high prices are guaranteed. We are, in short, face to face with all the problems that are inherent in the plan to save the farmer from a collapse of the 1920-21 type.

Let it be understood that *BUSINESS WEEK* believes in the right of the farmer to make a good living. This not only is his just due, but it also helps provide a sturdy market for the things industry produces. Support for prices, clearly, is one way of protecting farm income; it has worked this year and it presumably will work in 1949.

### Supports Have Helped Business, Too

What, in fact, would be happening to our postwar boom if farm prices had not had the benefit of support these last few months? Would industrial prices have remained strong if prices of wheat, corn, cotton, tobacco, eggs, and potatoes had been allowed to seek their own levels?

We doubt it.

There would have been a terrific deflation in farm prices. This probably would have pulled other commodities down, too. Even if it had not, it would have lopped billions off farm income, starting industrial production downward and causing urban unemployment.

Thus, support of farm prices can't be viewed as an unmitigated curse—a levy on urban taxpayers simply to keep farm income at its record \$30-billion level. It has, to greater or lesser degree, been an investment in continued high-level prosperity and employment.

It is, nevertheless, true that some readjustment of agriculture is desirable. The farmer should grow what the people of the country need, want, and can afford to buy; he should not continue to plant as many acres as possible simply because supported prices mean a sure-fire profit.

Thinking farmers know such a course would result in piling surplus upon surplus. And they know, from the experience of the 1930's, that surpluses will result in restrictions being placed on how many acres may be devoted to any given crop. (Theoretically, farmers must vote these restrictions against themselves; actually, if they fail to vote in favor by a two-thirds majority, they lose the various rewards held out by the government.)

### Political Angle

Here we come to the blunt fact that the farmers elected a Democratic President and Congress, expecting a better break than the Republicans would have given them.

Their resentment against the G. O. P. hinges on the price support program voted by the last Congress, with its Republican majority. This legislation continued supports in much their present form (90% of parity for most of the important crops) through 1949; but, for 1950, a sliding-scale support program was provided (BW—Jul. 24 '48, p. 28). Under this, supports could be varied between 60% of parity and 90%, depending on certain conditions of supply.

Suppose the country had plenty of wheat and not enough linseed oil. The support price on wheat could be put at 60% of parity, flaxseed raised to 90%. Spring-wheat raisers in Minnesota and the Dakotas would be encouraged to divert acreage into flax.

Isn't that better, from any farmer's point of view, than having his wheat acreage limited arbitrarily?

We all know that, when 90% support is guaranteed across the board, output of surplus crops doesn't get reduced. The potato mess has proved that. Support prices remain high and production remains high. Lower acreage "goals" just aren't worth a tinker's damn.

Wheat acreage in 1949 will provide another example. The "goal" set by the Dept. of Agriculture would call for planting about 70-million acres. It now seems certain that actual plantings will top that by quite a margin—that they might even come close to this year's 78-million.

Across-the-board supports thus breed rigidity; a sliding scale at least would introduce some flexibility and selectivity in our crop patterns.



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